

Attorneys for Defendants
Nintendo Co. , Ltd. and
Nintendo of America, Inc.

TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES.	iv
PROCEDURAL HISTORY	3
FACTUAL BACKGROUND	4
A. Donkey Kong	4
B. King Kong	.10
C. Universal's Exploitation of Donkey Kong	.13
D. The Origin of Universal's Alleged Rights in King Kong	.18
SUMMARY OF ARGUMENT	.29
ARGUMENT	.36
I. UNIVERSAL IS PRECLUDED FROM ASSERTING PROTECTIBLE TRADEMARK INTERESTS IN KING KONG IN THIS ACTION AND NO SUCH INTERESTS EXIST AS A MATTER OF LAW	.36
A. UNIVERSAL IS PRECLUDED FROM ASSERTING TRADEMARK RIGHTS IN KING KONG BY THE DOCTRINES OF COLLATERAL ESTOPPEL AND JUDICIAL ESTOPPEL	.36
1. Collateral Estoppel	.36
(a) Universal Was A Party To The Prior Action.	.39
(b) The Fundamental Issues In The Present Proceeding Are Identical To Those In The Prior Action, Were Fully Litigated By Universal, And Essential To The Outcome Of The Prior Action	.40

TABLE OF CONTENTS, Continued

Page

(c) There Was A Final Determination On The Merits Of The Issues Sought To Be Collaterally Estopped	.42
2. Judicial Estoppel	.46
B. UNIVERSAL CANNOT CLAIM A TRADEMARK IN KING KONG BECAUSE THE MULTIPLE ORIGINS AND PRESENT USES OF KING KONG HAVE MADE IT IMPOSSIBLE FOR KING KONG TO DENOTE A SINGLE SOURCE OF ORIGIN WHICH IS THE NECESSARY FUNCTION OF A TRADEMARK	.49
1. Universal Could Not Have Succeeded To Any Trademark Rights In King Kong On The Basis Of The Documents It Advances As The Source Of Its Rights	.49
2. The Competing Property Interests in King Kong Have Vitiating All Trademark Significance to the Name, Character and Story	.59
C. UNIVERSAL'S AGREEMENTS WITH NINTENDO'S LICENSEES CONSTITUTE AN ABANDONMENT OF A TRADEMARK CLAIM IN KING KONG OR A CONCLUSIVE ADMISSION THAT NINTENDO'S DONKEY KONG IS NOT AN INFRINGEMENT OF KING KONG	.68
II. KING KONG HAS BECOME DILUTED TO THE POINT WHERE IT CANNOT BE A VALID TRADEMARK, AND, IN ANY EVENT, THERE IS NO LIKELIHOOD OF CONFUSION WITH DONKEY KONG	.75
A. THE NAME AND GRAPHIC IMAGE OF "KING KONG" LACK TRADEMARK SIGNIFICANCE	.76
1. The Origins of the "King Kong" Theme	.77
2. The Name and Graphic Image of King Kong Lack Trademark Significance	.80

TABLE OF CONTENTS, Continued

	Page
(a) Usages in the Language	.85
(b) Usage of the Graphic Image	.88
(c) Third Party Usage of Name and Image	.89
B. THERE IS NO LIKELIHOOD OF CONFUSION AS TO THE SOURCE OF DONKEY KONG	.91
III. DEFENDANTS ARE ENTITLED TO SUMMARY JUDGMENT ON PLAINTIFF'S CLAIMS UNDER SECTION 368-D OF THE NEW YORK GENERAL BUSINESS LAW	103
CONCLUSION	106

TABLE OF AUTHORITIES

	Pages
Cases	
<u>Abercrombie & Fitch Co. v. Hunting World, Inc.</u> , 537 F.2d 4 (2d Cir. 1976)	84, 90
<u>Affiliated Hospital Products, Inc. v. Merdel Game Manufacturing Co.</u> , 513 F.2d 1183 (2d Cir. 1975)	101
<u>Alan Wood Steel Co. v. Watson</u> , 150 F. Supp. 861 (D.D.C. 1957)	90
<u>Allen v. Zurich Insurance Co.</u> , 667 F.2d 1162 (4th Cir. 1982)	46, 47, 48
<u>Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.</u> , 42 N.Y.2d 538, 399 N.Y.S.2d 628, 369 N.E.2d 1162 (1977)	104
<u>American Footwear Corp. v. General Footwear Co. Ltd.</u> , 609 F.2d 655 (2d Cir. 1979), cert. denied, 445 U.S. 951 (1980)	2, 56, 98
<u>American Steel Foundries v. Robertson</u> , 269 U.S. 372 (1926)	56
<u>Anti-Monopoly Inc. v. General Mills Fun Group, Inc.</u> , 684 F.2d 1316 (9th Cir. 1982), cert. denied, 103 S. Ct. 1234 (1983)	84
<u>Application of E.I. DuPont DeNemours & Co.</u> , 476 F.2d 1357 (C.C.P.A. 1973)	73
<u>Armco Steel Corp. v. Watson</u> , 188 F. Supp. 554 (D.D.C. 1960)	86
<u>Avon Shoe Co. v. David Crystal, Inc.</u> , 171 F. Supp. 293 (S.D.N.Y. 1959), aff'd, 279 F.2d 607 (2d Cir.), cert. denied, 364 U.S. 909 (1960)	55

<u>Avon Shoe Co. v. David Crystal, Inc.,</u>	279
F.2d 607 (2d Cir.), <u>cert. denied,</u>	364
U.S. 909 (1960)	29
<u>B & L Sales Assoc. v. H. Daroff & Sons,</u>	
Inc., 421 F.2d 352 (2d Cir.), <u>cert.</u>	
<u>denied,</u> 398 U.S. 952 (1970)	94
<u>Bi-Rite Enterprises, Inc. v. Button Master,</u>	
81 Civ. 5642 (S.D.N.Y January 17, 1983)	2, 74
<u>Blonder-Tongue Labs., Inc. v. University of</u>	
<u>Illinois Foundation,</u> 402 U.S. 313 (1971)	37
<u>Blue Bell Inc. v. Jaymar-Ruby, Inc.,</u>	497
F.2d 433 (2d Cir. 1974)	101
<u>Broadview Chemical Corp. v. Loctite Corp.,</u>	
474 F.2d 1391 (2d Cir. 1973)	44
<u>Buitoni Foods Corp. v. Gio. Buton & C.</u>	
<u>S.p.A.,</u> 680 F.2d 290 (2d Cir. 1982)	97-98
<u>CES Pub. Corp. v. St. Regis Publications,</u>	
<u>Inc.,</u> 531 F.2d 11 (2d Cir. 1975)	84
<u>Cartier, Inc. v. Three Shreaves, Inc.,</u>	465
F. Supp. 123 (S.D.N.Y. 1979)	29
<u>Cinnabar Traders Ltd. v. Cinnabar Lane</u>	
<u>Ltd.,</u> 82 Civ. 0019 (S.D.N.Y. January 19,	
1983)	94
<u>Clairol, Inc. v. Gillette Co.,</u> 389 F.2d 264	
(2d Cir. 1968)	59
<u>Clarks of England, Inc. v. Glen Shoe Co.,</u>	
485 F. Supp. 375 (S.D.N.Y. 1980)	97
<u>Commissioner v. Sunnen,</u> 333 U.S. 591 (1947)	37
<u>Croton Watch Co. v. Laughlin,</u> 208 F.2d 93	
(2d Cir. 1952)	72
<u>Cummins Engine Co. v. Continental Motors</u>	
<u>Corp.,</u> 359 F.2d 892 (C.C.P.A. 1966)	86

<u>DC Comics, Inc. v. Filmation Associates,</u> 486 F. Supp. 1273 (S.D.N.Y. 1980)	81, 82, 83
<u>Damn I'm Good, Inc. v. Salconite, Inc.,</u> 514 F. Supp. 1357 (S.D.N.Y. 1981)	2
<u>Dawn Donut Co. v. Hart's Food Stores, Inc.,</u> 267 F.2d 358 (2d Cir. 1959)	58, 74
<u>Detective Comics v. Bruns Publications,</u> 111 F.2d 432 (2d Cir. 1940)	80, 83
<u>Donovan v. United States Postal Service,</u> 530 F. Supp. 894 (D.D.C. 1981)	46, 48
<u>Durham Industries Inc. v. Tomy Corp.,</u> 630 F.2d 905 (2d Cir. 1980)	94
<u>Dynamet Technology, Inc. v. Dynamet, Inc.,</u> 593 F.2d 1007 (C.C.P.A. 1979)	56
<u>Eastern Air Lines, Inc. v. New York Air</u> <u>Lines, Inc.,</u> 82 Civ. 7049 (S.D.N.Y. March 21, 1983)	84, 104
<u>Edwards v. Aetna Life Ins. Co.,</u> 690 F.2d 595 (6th Cir. 1982)	46, 48
<u>EZ Loader Boat Trailers Inc. v. Cox</u> <u>Trailers Inc.,</u> 213 U.S.P.Q. 597 (T.T.A.B. 1982)	40
<u>Fisher v. Star Co.,</u> 231 N.Y. 414, 132 N.E. 133, <u>cert. denied,</u> 257 U.S. 654 (1921)	83
<u>Flexitized, Inc. v. National Flexitized</u> <u>Corp.,</u> 335 F.2d 774 (2d Cir. 1964), <u>cert.</u> <u>denied,</u> 380 U.S. 913 (1965)	29
<u>Frederick Warne & Co., Inc. v. Book Sales,</u> <u>Inc.,</u> 481 F. Supp. 1191 (S.D.N.Y. 1979)	81, 82, 83, 84-85
<u>GAF Corp. v. Eastman Kodak Co.,</u> 519 F. Supp. 1203 (S.D.N.Y. 1981)	38-39

<u>Gottesman v. General Motors Corp.</u> , 222 F. Supp. 342 (S.D.N.Y. 1963)	46, 47
<u>Gravitt v. Southwestern Bell Telephone</u> , 416 F. Supp. 830 (W.D. Tex. 1976)	48
<u>Harvard University v. U.S. Dept. of Commerce</u> , 576 F.2d 925 (C.C.P.A. 1978)	40
<u>Haymaker Sports Inc. v. Turian</u> , 581 F.2d 257 (C.C.P.A. 1978)	57, 58, 72
<u>I.H.T. Corp. v. Saffir Publishing Corp.</u> , 444 F. Supp. 185 (S.D.N.Y. 1978)	58, 71
<u>Ideal Toy Corp. v. Kenner Products Division</u> , 443 F. Supp. 291 (S.D.N.Y. 1977)	80, 83, 98, 99
<u>Industrial Rayon Corp. v. Dutchess Underwear Corp.</u> , 92 F.2d 33 (2d Cir. 1937), <u>cert. denied</u> , 303 U.S. 640 (1938)	56
<u>Information Clearing House, Inc. v. Find Magazine</u> , 492 F. Supp. 147 (S.D.N.Y. 1980)	97, 98
<u>International Soc. for Krishna Consciousness of Western Pa., Inc. v. Stadium Authority of Pittsburgh</u> , 479 F. Supp. 792 (W.D. Pa. 1979)	54
<u>Johanna Farms, Inc. v. Citrus Bowl, Inc.</u> , 468 F. Supp. 866 (E.D.N.Y. 1978)	57
<u>Kasper Wire Works, Inc. v. Leco Engineering & Machine Inc.</u> , 575 F.2d 530 (5th Cir. 1978)	44
<u>Kellogg Co. v. National Biscuit Co.</u> , 305 U.S. 111 (1938)	83-84, 84
<u>King-Seeley Thermos Co. v. Aladdin Industries, Inc.</u> , 321 F.2d 577 (2d Cir. 1963)	84

<u>Lever Bros. Co. v. American Bakeries Co., Inc.</u> , 537 F. Supp. 248 (E.D.N.Y. 1982), <u>aff'd</u> , 693 F.2d 251 (2d Cir. 1982)	104-105
<u>Lever Bros. Co. v. American Bakeries Co., Inc.</u> , 693 F.2d 251 (2d Cir. 1982)	59, 91
<u>Loctite Corp. v. National Starch & Chemical Corp.</u> , 516 F. Supp. 190 (S.D.N.Y. 1981)	86
<u>Lummus Co. v. Commonwealth Oil Refining Co.</u> , 297 F.2d 80 (2d Cir. 1961), <u>cert. denied</u> , 368 U.S. 986 (1962)	42
<u>McGraw-Hill Publishing Co., Inc. v. American Aviation Associates, Inc.</u> , 117 F.2d 293 (D.C. Cir. 1940)	90
<u>McGregor-Doniger, Inc. v. Drizzle Inc.</u> , 599 F.2d 1126 (2d Cir. 1979)	98, 101
<u>Miller Brewing Co. v. G. Heileman Brewing Co., Inc.</u> , 561 F.2d 75 (7th Cir. 1977), <u>cert. denied</u> , 434 U.S. 102 (1978)	29
<u>Montana v. United States</u> , 440 U.S. 147 (1979)	37
<u>Mushroom Makers Inc. v. R.G. Barry Corp.</u> , 441 F. Supp. 1220 (S.D.N.Y. 1977), <u>aff'd per curiam</u> , 580 F.2d 44 (2d Cir. 1978), <u>cert. denied</u> , 439 U.S. 1116 (1979)	72, 73, 74
<u>Mushroom Makers Inc. v. R.G. Barry Corp.</u> , 580 F.2d 44 (2d Cir. 1978), <u>cert. denied</u> , 439 U.S. 1116 (1979)	91-92
<u>New West Corp. v. NYM Co. of California, Inc.</u> , 595 F.2d 1194 (9th Cir. 1979)	2
<u>Nichols v. Universal Pictures Corp.</u> , 45 F.2d 119 (1930), <u>cert. denied</u> , 282 U.S. 902 (1931)	80, 81

<u>Norwich Pharmacal Co. v. Sterling Drug, Inc.</u> , 271 F.2d 569 (2d Cir. 1959), <u>cert. denied</u> , 362 U.S. 919 (1960)	90
<u>Otis Elevator Co. v. Echlin Mfg. Co.</u> , 187 U.S.P.Q. 310 (TMT App. Bd. 1975)	57
<u>PRC Harris v. Boeing Co.</u> , 545 F. Supp. 438 (S.D.N.Y. 1982)	44
<u>Parklane Hosiery Co. v. Shore</u> , 439 U.S. 322 (1979)	37-38
<u>Peyrat v. L.N. Renault & Sons, Inc.</u> , 247 F. Supp. 1009 (S.D.N.Y. 1965)	73
<u>Pignons S.A. de Mecanique de Precision v. Polaroid Corp.</u> , 498 F. Supp. 805 (D. Mass. 1980), <u>aff'd</u> , 657 F.2d 482 (1st Cir. 1981)	94, 101
<u>Plus Products v. Plus Discount Foods, Inc.</u> , 80 Civ. 6224 (S.D.N.Y. Feb. 18, 1983)	72, 92, 104, 105
<u>Polaroid Corp. v. Polarad Electronics Corp.</u> , 287 F.2d 492 (2d Cir.), <u>cert. denied</u> , 368 U.S. 820 (1961)	99-103
<u>Programmed Tax Svstems, Inc. v. Raytheon Co.</u> , 439 F. Supp. 1128 (S.D.N.Y. 1977)	94-95, 100
<u>Reese Pub. Co. v. Hampton Intern. Communications</u> , 620 F.2d 7 (2d Cir. 1980)	84
<u>Sally Gee Inc. v. Myra Hogan, Inc.</u> , 699 F.2d 621 (2d Cir. 1983)	103-105
<u>San Fernando Elec. Mfg. Co. v. JFD Elecs. Components Corp.</u> , 565 F.2d 683 (C.C.P.A. 1977)	97
<u>Saratoga Vichy Spring Co., Inc. v. Lehman</u> , 625 F.2d 1037 (2d Cir. 1980)	90
<u>Scarano v. Central R. Co.</u> , 203 F.2d 510 (3rd Cir. 1953)	47

<u>Simon Says Enterprises Inc. v. Milton Bradley Co., 522 F. Supp. 986 (S.D.N.Y. 1951)</u>	94
<u>Slate Printing Co. v. Metro Envelope Co., 532 F. Supp. 431 (N.D. Ill. 1982)</u>	40
<u>Sperling v. United States, 692 F.2d 223 (2d Cir. 1982)</u>	47
<u>Spring Mills, Inc. v. Ultracashmere House, Ltd., 689 F.2d 1127 (2d Cir. 1982)</u>	59-60
<u>Surgicenters of America, Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011 (9th Cir. 1979)</u>	86
<u>Tenneco Chemicals v. Barnette Co., No. 81-1504 (4th Cir. March 3, 1983)</u>	47-48
<u>Textron Inc. v. Gillette Co., 180 U.S.P.Q. 152 (T.T.A.B. 1973)</u>	40
<u>Turner v. H M H Publishing Co., 380 F.2d 224 (5th Cir.), cert. denied, 389 U.S. 1006 (1967)</u>	57
<u>United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918)</u>	55-56
<u>Universal City Studios Inc. v. RKO General Inc., et al., C 125-242 (Superior Ct. Cal. 1975)</u>	4, 18, 19
<u>Universal City Studios Inc. v. RKO General Inc., et al., C.V. 75-3536R (C.D. Cal. 1975)</u>	4, 18-28
<u>Van Gaalen v. Sparks, 555 F. Supp. 325 (E.D. Va. 1983)</u>	47
<u>Visa, U.S.A., Inc. v. Birmingham Trust Nat. Bank, 696 F.2d 1371 (Fed. Cir. 1982)</u>	55

<u>Vision Ctr. v. Opticks</u> , 596 F.2d 111 (5th Cir. 1979), <u>cert. denied</u> , 444 U.S. 1016 (1980)	29
<u>Vitarroz Corp. v. River Brand Rice Mills, Inc.</u> , 266 F. Supp. 951 (S.D.N.Y. 1967)	95
<u>Wade v. Woodings Verona Toolworks, Inc.</u> , 464 F. Supp. 465 (W.D. Pa. 1979)	48
<u>Warner Bros., Inc. v. American Broadcasting Companies, Inc.</u> , 654 F.2d 204 (2d Cir. 1981)	80, 83
<u>Warner Bros., Inc. v. American Broadcasting Companies, Inc.</u> , 530 F. Supp. 1187 (S.D.N.Y. 1982)	94, 95, 96, 98, 99
<u>Warner Bros., Inc. v. Gay Toys, Inc.</u> , 658 F.2d 76 (2d Cir. 1981)	82-83

Statutes

15 U.S.C. § 1057(b)	29
15 U.S.C. § 1063 <u>et seq.</u>	2
15 U.S.C. § 1115(a)	29
15 U.S.C. § 1125(a)	1, 2
15 U.S.C. § 1127	82
N.Y. Gen. Bus. Law § 368-d (McKinney's 1968)	1, 2, 103-105
Rule 56, Federal Rules of Civil Procedure	1, 107

Treatises

J. Gilson, <u>Trademark Protection and Practice</u> (1982)	58-59
J.T. McCarthy, <u>Trademark and Unfair Competition</u> (1973 and December 1982 Supp.)	59
<u>McCormick on Evidence</u> (2d ed. 1972)	40

Article

Brylawski, "Protection of Characters - Sam Spade Revisited," 22 <u>Bull. Soc. Copyright</u> 77 (1974)	81
---	----

Texts

R. Gottesman & H. Geduld, eds., <u>The Girl in the Hairy Paw</u> (1976)	79
<u>The Original Roget's Thesaurus</u> (St. Martin's Press 1965; Dell 1966)	13, 85-86
<u>Oxford English Dictionary, Supplement Vol. 2</u> (Oxford at the Clarendon Press)	12-13, 85
H. Wentworth & S.B. Flexner, <u>The Dictionary of American Slang</u> (2d Supp. ed. 1975)	13, 86

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----x
UNIVERSAL CITY STUDIOS, INC.,
Plaintiff,
-against- 82 Civ. 4259 (RWS)
NINTENDO CO., LTD. and
NINTENDO OF AMERICA, INC.,
Defendants.
-----x

MEMORANDUM OF LAW IN SUPPORT OF THE
DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

Defendants, Nintendo Co., Ltd. and Nintendo of America, Inc. ("Nintendo") respectfully submit this memorandum of law in support of their motion pursuant to Rule 56 of the Federal Rules of Civil Procedure for summary judgment dismissing the complaint of Universal City Studios, Inc. ("Universal") in this action. Universal's complaint alleges a violation of Section 43(a) of the Trademark Act of 1946, 15 U.S.C. § 1125(a), common law trademark infringement and related state causes of action, including violation of Section 368-d of the New York General Business Law (antidilution statute), unfair competition, and trade name infringement. Essentially, Universal's claim is that Nintendo's audio-visual game "Donkey Kong" infringes on what Universal claims to be its exclusive "property and trademark rights" in the "name, character and story of King Kong." Complaint ¶¶ 15, 20.¹

1. Nintendo of America, Inc. has counterclaimed alleging copyright infringement, interference with contractual relations, misappropriation, and interference with prospective economic advantage. Nintendo

Summary judgment on the complaint is mandated because as a matter of law: (1) Universal is estopped from asserting a trademark right in the King Kong property after having fully and successfully litigated the opposite position, (2) Universal has no property or trademark rights in the name, character and story of King Kong that it can assert against Nintendo, (3) through its agreements with Nintendo's licensees, Universal has abandoned any alleged trademark claim in King Kong and admitted that Donkey Kong is not an infringement of King Kong, (4) the name, character and story of King Kong have lost any trademark significance they once may have had, (5) even if Universal owned a valid trademark interest in King Kong, there is no likelihood of any confusion as to the origin of Donkey Kong, and (6) Universal cannot establish the necessary elements for a dilution claim under Section 368-d of the New York General Business Law.²

is not moving for summary judgment on its counterclaims.

2. All of Universal's trademark and unfair competition claims, other than its state dilution claim, are resolved by the application of a single set of principles. "[T]he law of trademark infringement is but a part of the law of unfair competition, Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916), and the same test is applied in determining each claim." American Footwear Corp. v. General Footwear Co. Ltd., 609 F.2d 655, 664 (2d Cir. 1979), cert. denied, 445 U.S. 951 (1980). See also New West Corp. v. NYM Co. of California, Inc., 595 F.2d 1194, 1201 (9th Cir. 1979) ("Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical - is there a likelihood of confusion?"); Damn I'm Good, Inc. v. Sakowitz, Inc., 514 F. Supp. 1357, 1360 (S.D.N.Y. 1981). In addition, the essential elements of state unfair competition and trademark infringement claims are but a restatement of unfair competition under the Lanham Act, 15 U.S.C. § 1063 et seq. (1976). See Bi-Rite Enterprises, Inc. v. Button Master, 81 Civ. 5642 (S.D.N.Y. January 17, 1983). Therefore, an analysis of Universal's trademark infringement claim under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), will subsume all other related claims. Id.

PROCEDURAL HISTORY

Universal filed its complaint against Nintendo Co., Ltd. and Nintendo of America, Inc. on June 29, 1982. Nintendo of America, Inc. filed its answer to the complaint and asserted counterclaims against Universal on August 16, 1982. Universal filed its reply to the counterclaims of Nintendo of America, Inc. on September 3, 1982. On October 5, 1982, Nintendo Co., Ltd. filed its answer to the complaint. Nintendo of America, Inc. filed an amended answer and counterclaims on March 24, 1983. On April 4, 1983, Universal filed its reply to Nintendo of America, Inc.'s amended counterclaims.

Universal has propounded and Nintendo has responded to four sets of interrogatories and three requests for production of documents. Nintendo of America, Inc. has propounded and Universal has responded to three sets of interrogatories and three requests for production of documents. Both parties have supplemented their respective answers to interrogatories and responses to requests for the production of documents.

Universal has taken the depositions of the following personnel from Nintendo Co., Ltd.: Messrs. Yamauchi, Miyamoto, Imanishi, Todoru, Yamada and Yokoi. Universal has also taken the depositions of the following persons from Nintendo of America, Inc.: Messrs. Arakawa, Lincoln, Stone and Judy and Ms. Schoenecker. Nintendo has taken the depositions of the following personnel from Universal: Messrs. Sheinberg, Hadl and Adler. Nintendo has also taken the deposition of Tiger Electronics, Inc. by its president,

Mr. Randy Rissman and the deposition of RKO General, Inc. by William Regan, Esq.

Pursuant to this Court's pretrial order of March 11, 1983, all discovery in this action is now complete. No party has requested that this action be tried to a jury.

FACTUAL BACKGROUND

The following facts are not subject to dispute and are set forth in the accompanying Statement Pursuant to Rule 3(g).³

A. Donkey Kong

Nintendo Co., Ltd. is a corporation organized under Japanese law, and founded in 1889. Its principal place of business is Kyoto, Japan, and it has branches in five other Japanese cities.

3. The following affidavits are submitted in support of this motion: (1) the affidavit of Howard C. Lincoln, Senior Vice President and General Counsel of Nintendo of America, Inc., attaching trademark searches and trademark applications for Donkey Kong; (2) the affidavit of Catherine E. Palmer, an associate of Mudge Rose Guthrie Alexander & Ferdon, attaching a promotional brochure for the Donkey Kong game, photographs of the Donkey Kong game board and licensed Donkey Kong products, other Nintendo products, and stills and other promotional materials from the 1933 and 1976 King Kong movies; (3) the affidavit of Shelley B. O'Neill, an associate of Mudge Rose Guthrie Alexander & Ferdon, attaching court documents from Universal City Studios, Inc. v. RKO General Inc. et al., C.V. 75-3526R (C.D. Cal. 1975) and Universal City Studios, Inc. v. RKO General Inc. et al., C. 125-242 (Superior Ct. Cal. 1975); (4) the affidavit of Jeff Rovin, attaching photographs of antecedents and uses of King Kong; (5) the affidavit of Caroline Riggio, a law clerk at Mudge Rose Guthrie Alexander & Ferdon, attaching computer searches and newspaper clippings of the use of the words "King Kong"; (6) the affidavits of Arnold C. Greenberg, President of Coleco Industries, Inc. and Michael S. Schwefel, Senior Vice President and General Counsel of Coleco Industries, Inc.; and (7) the affidavit of Charles S. Paul, Senior Vice President and General Counsel of Atari, Inc.

Nintendo Co., Ltd. is engaged in the manufacture, assembly, and sale of arcade video games, hand-held video games, playing cards, mah-jong games, tuggle board games and amusement arcade games.

Nintendo of America, Inc. is a corporation organized under the laws of the State of Washington, with its principal place of business in Redmond, Washington. Nintendo of America, Inc. is engaged in the importation, assembly, manufacture and sale of video arcade games as well as the importation of hand-held video games. Nintendo of America, Inc. has manufactured, distributed and sold in the United States the video arcade game "Donkey Kong", and it licenses copyright and trademark rights in Donkey Kong to manufacturers for use in connection with various products.

These licensed products include the Donkey Kong home video game by Coleco Industries, Inc., the Donkey Kong home computer game by Atari, Inc. and Donkey Kong cereal by Ralston Purina Company. Nintendo Responses and Supplemental Responses to Interrogatories 18 and 19. A television series based on the Donkey Kong characters has also been licensed to Ruby Spears Enterprises, Inc., and, as a result of the success of the Donkey Kong game, Nintendo has developed and now manufactures, distributes and sells the video arcade games "Donkey Kong Junior" and "Mario Brothers" which are based on the characters made popular in the original video arcade game Donkey Kong. Nintendo Response and Supplemental Response to Interrogatory 2. In addition, Nintendo has developed and is now marketing hand-held liquid crystal video games, including "Donkey Kong", "Donkey Kong II", "Donkey Kong Junior" and "Mario Brothers".

Nintendo also manufactures and sells tabletop video games including "Mario's Cement Factory" and "Donkey Kong Junior." Lincoln Aff. ¶ 16.'

The audio-visual game which ultimately came to be known as Donkey Kong had its origins in a meeting of the creative department of Nintendo Co., Ltd. on or about March 2, 1981. M. Dep. 31-33; Y. Dep. 18-20.' At that time, Nintendo intended to develop a game based on the Popeye cartoon characters. M. Dep. 31-33; Y. Dep. 18-20. A game board was designed in March 1981, which would allow a player to maneuver Popeye, a sailor character, up a series of ramps on the game screen to rescue his girlfriend Olive from the villain character, Bluto, while avoiding various objects being thrown at him by Bluto from the top of the screen. Dep. Ex. M-2. See M. Dep. 44; Y. Dep. 20-21, 24. The concept of the game was a port scene in which the ramps and stairs were reminiscent of gangways and ship ladders. The various objects being thrown at Popeye included barrels, similar to barrels found in port scenes. Y. Dep. 23-24. To avoid the barrels on his way up the gangways, Popeye could obtain

4. The Universal complaint is restricted to the original Donkey Kong game.

5. References to the depositions of Nintendo personnel are designated: Yamauchi Deposition: "Ya. Dep. ____"; Miyamoto Deposition: "M. Dep. ____"; Todoru Deposition: "T. Dep. ____"; Yokoi Deposition: "Y. Dep. ____"; Imanishi Deposition: "I. Dep. ____"; Arakawa Deposition: "A. Dep. ____"; Stone Deposition: "S. Dep. ____"; Judy Deposition: "J. Dep. ____" and Schoenecker Deposition: "Sch. Dep. ____". Exhibits marked and identified during depositions are submitted in separate volumes and bear the designations given during the depositions.

special powers by reaching a place on the game board where he could obtain a can of spinach. Y. Dep. 23-24, 30.

It became apparent, during the development of the game, that the available technology was not sufficiently advanced to present the detailed Popeye characters with adequate clarity on a video game screen. Y. Dep. 24; M. Dep. 38.⁶ It was decided, therefore, that the characters would have to be simplified, but the basic game structure would remain using a comic hero figure who could be maneuvered up ramps to rescue a girl held at the top by a humorous villain character. Y. Dep. 24.

Ultimately, the game concept was changed from a port scene to that of a construction site. While the graphics of the ramps in the game screen were not changed, what were originally visualized as gangways became the girders of an unfinished building in the minds of the game designers. Popeye became "Mario the Carpenter" and Bluto became a comical gorilla which was intended to give an impression similar to that of the original brutish but comical Bluto character. Y. Dep. 30; M. Dep. 79. The spinach which had endowed Popeye with special powers was changed to a hammer endowing Mario with similar powers in the context of the construction site motif. Y. Dep. 30-31. Except for these changes, the game remained virtually identical to that planned in the original drawing, and the overall

6. The technology has since become available and Nintendo now manufactures and sells the audio video game Popeye, under license from King Features, with whom Nintendo has had a long and continuing relationship. Nintendo Supplemental Response to Interrogatory 2.

visual impression of the game remained the same. See Ex. M-2 and Palmer Aff. Exs. 7-11.

After the conception of the game had changed, the developers of the game began to refer to it informally as the "Table Kong Game." The gorilla character in the game was sometimes informally referred to as gorilla, Kong and King Kong by the two individuals directly working on the project. M. Dep. 69-70; Y. Dep. 26. Both of these individuals were aware of the film classic "King Kong" and other ape or gorilla portrayals, and for both the word "Kong" was synonymous with a gorilla in general. Y. Dep. 31-32; M. Dep. 52-53.

The process of naming the game when it was ready to be manufactured was informal. There was a general desire to have a name which would convey to the public the image of a comical or stupid gorilla in keeping with the humorous intent of the game. See Y. Dep. 40; T. Dep. 37. It was suggested that the word "kong" could be used because it was believed that kong would be readily understandable as denoting a gorilla. See Y. Dep. 31-32, 40; T. Dep. 22-23, 39, 52. The word "donkey" was chosen by consulting a Japanese/English dictionary which gave the word donkey as a translation for a Japanese word meaning stupid or "goofy". T. Dep. 41-42.

A trademark search of the selected name "Donkey Kong" was then conducted in Japan, and it was determined that the name was available for use. I. Dep. 9; Dep. Ex. I-1. A Japanese trademark registration was subsequently obtained by Nintendo for Donkey Kong. Lincoln Aff. ¶ 2. Before the game was introduced into the United States, a United States trademark search was conducted, and an

unqualified opinion of counsel was obtained that Donkey Kong could be registered. See Lincoln Aff. ¶¶ 3-5; Ex. 2. An application for registration in the United States Patent and Trademark Office is pending.⁷ A Japanese copyright and a United States copyright were also obtained for the Donkey Kong game. Lincoln Aff. ¶ 6.

When the English-speaking personnel at Nintendo of America and potential distributors of the game in the United States heard that the name of the new game was to be Donkey Kong, the general reaction was that it was a stupid name that would not be understood by the American public. See J. Dep. 23, 38; S. Dep. 12-15; A. Dep. 41-44. As a result, a request was made to the headquarters of Nintendo Co., Ltd. in Japan that the name be changed. A. Dep. 49. This last minute request was refused. Generally, it was not believed that the name of the game was particularly important to its success. T. Dep. 34-36. See also M. Dep. 81-85. Rather, the quality of the graphics and the game play were the important factors. J. Dep. 40. See also M. Dep. 40-44.

Almost immediately upon its introduction into the United States market in July 1981, Donkey Kong was a major commercial success. Nintendo Response to Interrogatory 4; Ya. Dep. 28. It rose to the top of the video game charts. After the Donkey Kong game

7. The United States Patent and Trademark Office, finding no conflict in its records in the relevant class, approved Nintendo's application for Donkey Kong and published the application for opposition as the last step before the registration becomes final. Final registration is now stayed by agreement because of this pending litigation. See Lincoln Aff. ¶ 14; Ex. 9.

became a hit, a number of counterfeit copies of the game using identical or very similar game play and bearing such names as Crazy Kong and Congorilla were introduced into the market. Nintendo has combated the counterfeit movement by placing in trade publications a notice of its intention to enforce its copyright interests in Donkey Kong and has brought numerous successful infringement lawsuits to protect its valuable rights. See Nintendo Response and Supplemental Response to Interrogatory 22. Nintendo also actively polices trade publications, reviewing articles that deal with Donkey Kong to ensure that its valuable trademark rights are preserved. Sch. Dep. 49-94.

Nintendo has received over \$180 million from the sale in the United States and Canada of approximately 60,000 Donkey Kong video arcade games. Nintendo Responses to Interrogatories 28 and 29. In addition, Nintendo has licensed its trademark in the name and characters of Donkey Kong to over 50 licensees for use in connection with a large variety of products and has received over \$8.5 million from such licenses. Nintendo Responses and Supplemental Responses to Interrogatories 30 and 31. Donkey Kong has become a classic in the video game industry.

B. King Kong

Plaintiff, Universal City Studios, Inc., is a corporation organized under the laws of the State of Delaware, having its principal place of business at 100 Universal City Plaza, Universal City, California. Universal, through its "Universal Pictures" division, is engaged generally in the business of producing and distributing

motion pictures for theatrical and other types of exhibition in the United States and throughout the world. Through its corporate affiliate, Merchandising Corporation of America, Inc., Universal is engaged generally in the business of licensing various Universal tradenames and characters for use by others in connection with the sale of merchandise and services. Universal claims to be the owner of all tradenames, trademarks and service marks and other rights in the name, character and story King Kong by virtue of certain recent assignments.

King Kong has its origins in the public mind with the 1933 classic motion picture produced by RKO Radio Pictures, Inc. ("RKO"). Universal Response to Second Interrogatory 9. Universal alleges that since 1933, RKO and its licensees have continuously exploited King Kong, and, consequently, "[t]he King Kong name, character and story ... have become, and are, well known to the public." Complaint ¶¶ 9-11.

Wholly apart from the commercial exploitation of King Kong after 1933, the name, character and story are well known to the public because the 1933 motion picture is a part of our cultural heritage. As Mr. Sheinberg, the president of Universal, testified during his deposition "it would not have been possible to grow up during my lifetime in the United States and not be aware of King Kong unless one were -- had brain damage or was in a cave somewhere." Sheinberg Dep. 10. King Kong is defined in the Oxford English Dictionary as a common term "used as a nickname for anyone of outstanding size or strength" and slang for "[c]heap alcohol."

Oxford English Dictionary, Supplement Vol. 2, p. 511 (Oxford at the Claredon Press 1976). In addition, Roget's Thesaurus identifies King Kong as a noun synonymous with terms such as monster, fiend, brute, etc. The Original Roget's Thesaurus, p. 593 (St. Martin's Press 1965; Dell 1966).'

Universal claims that it now holds the exclusive rights to "all trade name, trademark, service mark and other rights in the name, character and story of King Kong, created and developed by Merian C. Cooper prior to 1933 and produced and released as a motion picture under the name 'King Kong' by RKO Radio Pictures, Inc. in 1933, and subsequently as a remake motion picture under that name by Dino DeLaurentiis Corporation in 1975." Complaint ¶ 6. Universal claims to have obtained its alleged rights in King Kong "in the period 1976-1981". Universal Response to First Interrogatory 2.

Universal itself has never used the King Kong name, character or story as a trademark or trade name in its own business endeavors. Universal Response to Third Interrogatory 6.' Its licensing activities with respect to King Kong have been

8. See also H. Wentworth & S.B. Flexner, The Dictionary of American Slang (2d Supp. ed. 1975) defining King Kong as "strong cheap whiskey or wine ... From the fictional ape King Kong of huge size and tremendous strength." These dictionary and thesaurus references are attached hereto in Appendix A.

9. Universal claims to have some plans to exploit King Kong in the future, such as plans to include a King Kong exhibit in its Universal Tours attraction in California and in the future Universal Tours attraction in Florida. Sheinberg Dep. 55-66. There are also plans to produce an "Illegitimate Son of King Kong" movie which is to be a "wild farce" of the original King Kong. Sheinberg Dep. 66-76; 163; 175-80; Dep. Ex. 37.

inconsequential. Prior to the entry of Donkey Kong into the market, Universal had issued only a single King Kong license, now expired, from which it derived revenues of less than \$3,300. Universal Response to First Interrogatory 7 and Supplemental Response to First Interrogatory 13. Universal has identified Tiger Electronics Inc. and Robert Keith & Co. as more recent licensees from which it has derived similarly nominal revenues. Universal Response and Supplemental Response to First Interrogatories 7 and 13.¹⁰ Almost one full year after the introduction of Donkey Kong into the market, Universal introduced King Kong hand-held games and video cartridges through its licensing arrangement with Tiger Electronics Inc. Universal Supplemental Response to First Interrogatory 13; Hadl Dep. 136-139; Dep. Exs. 15 and 16.

C. Universal's Exploitation of Donkey Kong

Universal claims that it first became aware of Donkey Kong at the end of April 1982, nine months after the extraordinarily successful marketing of Donkey Kong had begun in the United States. On April 28, 1982, Universal sent telexes to Nintendo and its licensee, Coleco Industries, Inc. ("Coleco"), asserting that Universal was "the sole and exclusive owner of all rights (except book publishing

10. In addition, Universal has identified certain of Nintendo's Donkey Kong licensees, Coleco Industries, Inc. and Atari, Inc., as having obtained licenses to use King Kong. Id. As discussed in Part IC, infra, the agreements between Universal and Nintendo's licensees are not licenses at all. Rather they are simply covenants not to sue.

rights) in and to the name, title, character and story 'King Kong' and "Kong" and demanding, inter alia, an accounting for all profits from the sale and distribution of Donkey Kong products. See Hadl Dep. 88-91; Dep. Ex. 9. Further, the telex threatened legal action in which Universal would seek "restraining orders, injunctions and damages." Id. Finally, an invitation was extended in the telex to resolve the matter out of court. Id.

The mere threat of litigation posed a serious problem for Coleco. Coleco was on the verge of marketing its ColecoVision home video game system featuring the Donkey Kong game. It had staked a good deal of its corporate future and reputation on this marketing effort. See Greenberg Aff. ¶¶ 3-8 and Schwefel Aff. ¶¶ 2-4. Further, it had committed substantial corporate resources to the production and advertising of Donkey Kong products, and, no matter how frivolous, threatened litigation could have seriously affected the potential market for its Donkey Kong products and its corporate reputation. Id.

Universal was well aware that whatever the merits of the threatened litigation, Coleco's corporate future was at stake. Id. See also Hadl Dep. 102. After consulting with counsel, Coleco advised Universal that it believed Universal's claim to be without merit. See Greenberg Aff. ¶¶ 3-8 and Schwefel Aff. ¶¶ 2-4. Nevertheless, the threat of litigation remained, and Coleco felt that it had no choice but to negotiate with Universal so as to remove the cloud of potential litigation. Id.

Ultimately, Universal extracted a three percent royalty on gross sales from Coleco for the latter's exploitation of Donkey Kong in exchange for a covenant not to sue. Hadl Dep. 110; Dep. Ex. 10, Sheinberg Dep. Ex. 35. Universal did not ask for or receive any right to control or supervise Coleco's exploitation of Donkey Kong and, in fact, it does not exercise any such control or supervision. See Sheinberg Dep. Ex. 35; Hadl Dep. 112-15, Dep. Ex. 10. The agreement does not provide for any acknowledgment of Universal's claim of right to appear on any of Coleco's Donkey Kong products. Id. In fact, during the course of negotiations with Coleco, Universal did not even request any such public acknowledgment. All of Coleco's Donkey Kong products clearly state that Donkey Kong is a trademark of Nintendo. Palmer Aff. Exs. 13 A-D, 14-16 and 35A.

Apart from the written covenant not to sue and the provision for a three percent royalty, Coleco and Universal reached an understanding that Universal would not seek a preliminary injunction or take any other immediate action against Nintendo or anyone else which might adversely affect Coleco's marketing and distribution of Donkey Kong. See Greenberg Aff. ¶¶ 9-13 and Schwefel Aff. ¶¶ 5-6. It was feared that any immediate threat of restraining orders or preliminary injunctions would deter potential distributors of ColecoVision and Donkey Kong cartridges made by Coleco. It was understood that even if Universal sought an injunction in the future as the final relief against Nintendo, it would be sure that any such relief would not be obtained until Coleco had fully distributed and

exploited its Donkey Kong products. Id. To date, Universal has received more than \$3.5 million in royalties from Coleco which has distributed over \$119 million in Donkey Kong products nationwide. Id.; Universal Supplemental Responses to First Interrogatory 13.

Since obtaining the Coleco agreement, Universal has written threatening letters to Nintendo's other licensees. See, e.g., Sheinberg Dep. Ex. 59.¹¹ At least two other Nintendo licensees, Atari, Inc. ("Atari") and Ruby-Spears Enterprises, Inc. ("Ruby Spears"), have agreed to pay a royalty to Universal in exchange for a covenant not to sue. As with Coleco, Atari was compelled to enter into the agreement by factors apart from the merits, if any, of Universal's claim. Atari's parent corporation, Warner Communications, Inc. ("Warner"), conducts joint business ventures and has a number of business relations with Universal in other areas. See Paul Aff. ¶ 6. Warner perceived that the failure to come to an agreement with respect to Donkey Kong threatened its relationships

11. Apart from these letters to Nintendo's licensees concerning the use of Donkey Kong and the present litigation against Nintendo, Universal has taken virtually no action to protect its King Kong mark, claiming that it has never been aware of any other unauthorized uses. Universal's Response to Second Interrogatory 2. Universal wrote these letters to Nintendo's licensees, whose identities had been known to it for some time, after Nintendo served an interrogatory asking what Universal had done to police its alleged trademark right. See Universal Response to Second Interrogatory 2. Although Universal admits that after commencing this litigation it became aware of the video arcade games Crazy Kong (or Cong), Congorilla, and Beauty and the Beast, it has stated that it understands that Nintendo is policing these uses and it does not intend to take action against the distributors and manufacturers of these games until the outcome of this litigation. Universal Responses to First Interrogatories 27 and 28.

with Universal, and thus, instructed Atari to sign the agreement with Universal granting a three percent royalty on Donkey Kong products in return for a covenant not to sue. Id.

The agreement between Universal and Atari is identical to that between Universal and Coleco. Paul Aff. Ex. A. Mr. Sheinberg testified that Universal is contemplating a form "covenant not to sue" with which to approach all of Nintendo's licensees. Sheinberg Dep. 280. As with the Coleco agreement, the Atari agreement is nothing more than a covenant not to sue in exchange for a three percent royalty. It does not grant Universal any control over the exploitation of Donkey Kong, and does not provide for any acknowledgment of Universal's alleged rights on Donkey Kong products which are exclusively and prominently identified as trademarks of Nintendo. The agreement also does not acknowledge that Universal has any rights in King Kong. Paul Aff. ¶ 8; Ex. A.

In exchange for a covenant not to sue, Ruby-Spears gave Universal the right to receive royalties on the exploitation of Donkey Kong television programs to be produced by Ruby-Spears and the right to distribute the Donkey Kong programs produced off-network throughout the world in all media and forms including but not limited to pay television, cable television, video discs and/or cassettes. The agreement does not grant Universal control over the content or quality of Ruby-Spears' productions, and does not provide for any reference in the television credits to any alleged trademark rights of Universal. Nintendo maintains exclusive control over the

productions, and its name is to be featured prominently in the credits as the trademark owner. Lincoln Aff. ¶ 17.

D. The Origin of Universal's Alleged Rights in King Kong

Universal claims that its rights in the tradename, trademark, servicemark and story of King Kong derive from the following:

1. Final Judgment for Damages on Cross-Complaint of Richard Cooper, dated January 5, 1981 ("Cooper Judgment");
2. Agreement of December 15, 1976, between Richard Cooper and Universal ("Cooper Agreement");
3. Settlement Agreement and Release dated June 4, 1980, between Universal and RKO ("RKO Agreement"); and
4. An assignment of causes of action by RKO General, Inc. to Universal dated June 15, 1982.

Universal Response to First Interrogatory 1.

All of these documents arise from litigation commenced in 1975 by Universal against RKO, Dino DeLaurentiis Corporation ("DDLIC") and Richard Cooper as to the status and ownership of the King Kong name, character and story. Universal City Studios Inc. v. RKO General, Inc. et al., C.V. 75-3526-R (C.D. Cal. 1975) and Universal City Studios Inc. v. RKO General, Inc. et al., C. 125-242 (Superior Ct. Cal. 1975). During the course of that litigation, Universal secured its alleged rights by asserting and prevailing on positions with respect to the status of King Kong as a property right which are diametrically opposed to the positions it now asserts in this lawsuit.

The 1975 litigation arose out of a dispute as to who would have the right to remake the original King Kong motion picture. See generally RKO and Universal Appellate Briefs: O'Neill Aff. Exs. 1 and 2. Universal had negotiated for this right with RKO which then claimed to have all right, title and interest in the name, character and story of King Kong. Concurrently, RKO carried out negotiations to confer the right to remake the 1933 movie on DDLC. Ultimately, RKO licensed DDLC to remake the original King Kong motion picture, and production began in June 1975.

Universal claimed, however, that its oral negotiations with RKO had culminated in a valid exclusive license for the remake rights to King Kong. Consequently, it brought suit in California state court against RKO and DDLC for breach of contract and tortious interference with contractual relations. Universal State Complaint: O'Neill Aff. Ex. 3. This action initially resulted in summary judgment for RKO and DDLC. The judgment was reversed and remanded to the trial court, however, where the action was ultimately settled. Sheinberg Dep. 87-92.

While Universal was pursuing its contract claims in the California state courts, it commenced production of its own King Kong remake in August 1975. It also commenced a declaratory judgment action in the United States District Court for the Central District of California against RKO, DDLC and Richard Cooper, the heir of the creator of King Kong, seeking a declaration, inter alia, that Universal could proceed with its movie because the King Kong story

had lapsed into the public domain. Universal Federal Complaint: O'Neill Aff. Ex. 4.

RKO denied that the story was in the public domain. RKO Answer: O'Neill Aff. Ex. 5. In addition, RKO counterclaimed alleging that Universal's unauthorized production infringed RKO's King Kong copyright and constituted unfair competition by, among other things, diluting RKO's rights in the title and character of King Kong. RKO Counterclaim: O'Neill Aff. Ex. 6.¹² Universal specifically denied these allegations. Universal Answer to RKO Counterclaim: O'Neill Aff. Ex. 7.

DDLCC also answered and counterclaimed contending, inter alia, that the name, character and story of King Kong had acquired a secondary meaning and that Universal's production constituted wrongful misappropriation and passing off. DDLCC Answer and Counterclaim: O'Neill Aff. Exs. 8 and 9.¹³ Universal replied to the counterclaims

12. RKO alleged that:

... Universal has slandered and called into question RKO's rights in its said copyrighted motion picture photoplay and the component parts and title thereof; has diluted the RKO's rights and the value thereof in said copyrighted motion picture photoplay, the title thereof, and the character King Kong....

RKO Counterclaim: O'Neill Aff. Ex. 6, ¶ 8.

13. DDLCC alleged that:

17. At all times mentioned herein the reputation of the original photoplay and the name and visual depiction of the character "Kong" or "King Kong" was and still is widely known by the public both in the United States and abroad. At all times since its original release, the original photoplay has been available for commercial public viewing, either in motion picture theatres or on television, and has received and continues to receive considerable critical

of DDLC by denying that the name, character and story had any secondary meaning or that its production constituted a copyright infringement since, it contended, the story was in the public domain. Universal Reply: O'Neill Aff. Ex. 10.

In addition to denying that the King Kong story had fallen into the public domain, defendant Richard Cooper crossclaimed against RKO, claiming, inter alia, that he was the successor to the exclusive rights in King Kong that had been owned by his father, Merian Cooper, as the creator of "King Kong." Cooper Cross-Complaint: O'Neill Aff. Ex. 12. Cooper claimed further that his father had only

acclaim and financial success. DDLC is informed and based thereon alleges that at all times since the original release of the original photoplay, RKO has regularly licensed the use of the title "King Kong" and the name and visual depiction of "Kong" or "King Kong," for commercial value, including licenses to plaintiff for two separate motion pictures using the name, title, and character "King Kong" or "Kong". As a result of said critical acclaim and widespread recognition, the reputation of the original photoplay, including the public recognition and good will attaching to it, the title "King Kong", and the name and visual depiction of the character "Kong" or "King Kong" have acquired a secondary meaning of substantial commercial value.

* * *

19. The Universal screenplay and Universal's said advertisements and press releases are calculated, designed, intended to, and do cause confusion as to the identity and content of both the original photoplay and the remake now in production by DDLC and as to the ownership of the name, visual depiction of the character "Kong" or "King Kong," and the reputation, public recognition, and good will accorded the original photoplay. Said advertisements and press releases unlawfully and wrongfully use and trade upon said name, and visual depiction, reputation, public recognition, and good will, and constitute a wrongful, unlawful, unjust, and unconscionable appropriation and taking by Universal for its own use of said property.

DDLC Amended Counterclaim: O'Neill Aff. Ex. 9, 11, 17, 19.

contracted with RKO to allow RKO to make the 1933 King Kong photoplay and that, because of this limited grant of rights in King Kong, all other commercial exploitations of the name, character and story of King Kong as portrayed in the 1933 movie which were undertaken by RKO since 1933 were for Cooper's account. Id.

After extensive discovery, the court conducted a four-day trial. The issue as to whether King Kong as a name or character had any secondary meaning -- i.e., was associated in the public's mind with a single source -- was actively litigated by RKO and Universal.¹⁴ Universal introduced substantial evidence to show that any claimed trademark rights in King Kong had been diluted by pervasive, unauthorized third party uses. Excerpt of Record of Proceedings: O'Neill Aff. Ex. 13; Ex. 1 at 40-47; Ex. 2 at 76-78. Thus, Mr. Kroft, counsel for Universal, argued for a finding of "no secondary meaning [on the basis of] evidence that other people, other users, have used the same mark that the plaintiff [RKO] lays claim to." Excerpt of Record: O'Neill Aff. Ex. 13., Tr. 844. He went on to point out to the court that:

In this case we introduced a substantial amount of evidence, your Honor, to show that there are third parties apparently unconnected with RKO who have used the name King Kong.

O'Neill Aff. Ex. 13, Tr. 844-45. In closing, Mr. Kroft then argued: "We don't think King Kong can be a trademark because of the dilution,

14. DDLC had entered into a settlement with Universal before trial and its counterclaims were dismissed with prejudice. Stipulated Order Dismissing Counterclaims of DDLC: O'Neill Aff. Ex. 11.

because of its usage in the English language. So much so that it's been diluted beyond RKO." Excerpt of Record: O'Neill Aff. Ex. 13, Tr. 846.¹⁵

Ultimately, the court ruled in favor of Universal declaring, inter alia, that:

1. The story of King Kong was in the public domain.
2. Universal could use and exploit any and all elements of the story of King Kong which was in the public domain and any such use would not infringe on any rights of either Cooper or RKO.
3. RKO would take nothing by reason of its counterclaim which was dismissed on the merits.

Universal Judgment: O'Neill Aff. Ex. 14.

In connection with the entry of this judgment, the court made certain findings of fact and conclusions of law including:

4. During the past 17 years, many literary properties, songs and phonograph record albums have been published and copyrighted by parties other than RKO in the United States using the name and title 'King Kong.' The name 'King Kong'

15. Contrast Universal's Response to First Interrogatory 40 in this litigation:

The secondary meaning Universal contends has attached to the King Kong name, character and story is that the public associates the name King Kong, character (i.e., the King Kong gorilla) and the King Kong story (including the pictorial representation of the King Kong gorilla atop of a skyscraper, holding a woman captive) with the motion pictures entitled "King Kong" and with the makers of those motion pictures, to whose rights Universal has succeeded. Universal contends that the King Kong name, character and story have commercial magnetism, and that use of these elements in connection with goods or services causes consumers to believe that the makers of King Kong motion pictures sponsored or otherwise approved such use.

has also during such period been used by parties other than RKO in various printed cartoons and comic strips in the United States. There is no evidence that any of the aforesaid uses of the name and title of 'King Kong' were licensed by RKO.

5. There is no evidence that the title 'King Kong' has a secondary meaning by which the public identifies such title with RKO or the Motion Picture.

6. The name King Kong has become part of the ordinary English language.

Universal Findings of Fact and Conclusions of Law: O'Neill Aff. Ex. 15.

The court also entered an interlocutory judgment for Richard Cooper on his crossclaim holding that he had certain contract rights against RKO. Specifically the court held:

1. That as between Richard Cooper and RKO all rights to King Kong other than the right to the 1933 movie and the sequel "Son of Kong" are exclusively vested in Richard Cooper.
2. That RKO is a constructive trustee for Richard Cooper to the extent it has exercised rights to King Kong other than in the 1933 movie and "Son of Kong."
3. That Richard Cooper recover from RKO all profits earned from the licensing and use of King Kong (excluding the 1933 movie and "Son of Kong") from 1933 to the present.
4. That the judgment for Richard Cooper does not affect the finding of the court that the story is now in the public domain.

Cooper Interlocutory Judgment: O'Neill Aff. Ex. 16."

16. This judgment for Richard Cooper was interlocutory in nature pending an accounting from RKO as to the amount of damages. The accounting was accomplished and final judgment was entered on March 21, 1979. This judgment was subsequently reaffirmed in a

Cooper submitted proposed findings of fact and conclusions of law in connection with the Cooper Judgment to which Universal objected, arguing that (1) they did not make clear that no one could assert any rights in the King Kong story for the period after which it had fallen into the public domain; and (2) that it was "logical" that the court's "findings and conclusions" on Cooper's cross-complaint were subordinate to its findings and conclusions on Universal's Complaint. Universal Objection: O'Neill Aff. Ex. 17. The Findings of Fact and Conclusions of Law relating to the Cooper Judgment ultimately issued by the court provided, inter alia, that (1) the Cooper Judgment did not affect the finding that the story was in the public domain, and (2) the findings of fact and conclusions of law underlying the Cooper Judgment "declare the rights as between Richard Cooper and RKO and do not affect any other entity or person." Cooper Findings of Fact and Conclusions of Law: O'Neill Aff. Ex. 18.

Promptly after the interlocutory judgment on Cooper's crossclaim and the final declaratory judgment for Universal were handed down, Cooper entered into an agreement with Universal dated December 15, 1976 (Cooper Agreement: O'Neill Aff. Ex. 19), and RKO appealed to the Ninth Circuit from the final declaratory judgment. The Cooper Agreement provided, inter alia, that for \$200,000 payable over three years, Cooper assigned to Universal whatever rights he might have in King Kong including all of his contract rights against

January 5, 1981 Order. O'Neill Aff. Ex 23. See infra.

RKO under the Cooper Judgment. Notwithstanding the generality of the assignment, Cooper reserved the rights to book publishing and certain licensing revenues in the King Kong property.

After full briefing of RKO's appeal but before the Ninth Circuit ruled, Universal and RKO entered into a settlement agreement on June 4, 1980 (RKO Agreement: O'Neill Aff. Ex. 20) providing for mutual releases. The Cooper Judgment was not affected by these releases. The RKO Agreement provided for RKO to pay Universal roughly 62.5% of all revenues to be realized by RKO pursuant to the licensing agreement with DDLC for the 1975 King Kong remake. Id. at ¶¶ 5-6. RKO also agreed not to sue Universal if Universal were to proceed with its own King Kong remake, but Universal agreed to pay RKO a small percentage of net profits from any such remake. Id. at ¶¶ 6-7.

The RKO Agreement specifically stated that nothing in the Agreement permitted Universal to "duplicate or distribute in any medium verbatim copies or excerpts," of the 1933 movie on which RKO continued to hold a copyright. Id. at 6. In addition, Universal and RKO executed a side-agreement whereby a joint venture was established between them to make future motion pictures on terms described by Universal's president, Mr. Sheinberg, as "extremely favorable to Universal." Sheinberg Dep. 94-102; Dep. Ex. 56.¹⁷

17. The contents of this side agreement are subject to a confidentiality order entered by this Court during discovery.

Shortly thereafter, the Court of Appeals for the Ninth Circuit, upon being advised of the agreements among the parties, dismissed RKO's appeal, vacated the Cooper Judgment as well as the declaratory judgment for Universal, and remanded to the district court with instructions that the court should determine which actions between the parties were moot by reason of the various agreements and releases and should enter new judgments if appropriate. Remand Order: O'Neill Aff. Ex. 21. In a November 20, 1980 order on stipulation, the district court then dismissed Universal's declaratory judgment complaint against RKO without prejudice and dismissed RKO's counterclaim with prejudice. November 20, 1980 Order: O'Neill Aff. Ex. 22.

The district court, in a January 5, 1981 order, reinstated the final judgment which had been entered for Richard Cooper on his cross-complaint against RKO. This judgment, which had been assigned to Universal, incorporated the findings of fact and conclusions of law described above to the effect that the Cooper Judgment did not affect the court's finding that the story of King Kong was in the public domain and that the judgment adjudicated rights only between Cooper and RKO and did not affect the rights of any third party. January 5, 1981 Order and Final Damages on Cross-Complaint of Cooper: O'Neill Aff. Ex. 23. It also dismissed without prejudice Universal's complaint for declaratory relief against Cooper as moot because of the agreements among the parties. Id.

Out of these proceedings emerge the four basic documents on which Universal relies in this action to establish what it claims to

be its exclusive rights in "all trade name, trademark, servicemark and other rights in the name, character and story of King Kong" (Complaint ¶ 6):

1. The Cooper Judgment, which decreed that as between Richard Cooper and RKO, Cooper was the owner of all rights in the name, character and story of King Kong except for the 1933 movie and the sequel "Son of Kong," which remained the property of RKO; and to the extent RKO had exploited King Kong other than in the 1933 movie and in "Son of Kong," RKO was declared to be a constructive trustee for Richard Cooper of all profits arising therefrom. O'Neill Aff. Exs. 16 and 18.
2. The Cooper Agreement, whereby Cooper assigned to Universal all of his rights under the Cooper Judgment (i.e., rights to King Kong vis a vis RKO) and whatever other rights to King Kong he might have held to the extent they were not in the public domain, but specifically retained certain licensing revenues and all book publishing rights in King Kong. O'Neill Aff. Ex. 19.
3. The RKO Agreement, which apportioned revenues from the DDLC 1975 King Kong remake and established certain rights as between Universal and RKO, but which specifically recited that Universal would have no right under the agreement to copy or distribute excerpts from the 1933 movie. O'Neill Aff. Ex. 20.
4. The assignment of causes of action arising out of the Universal/Nintendo dispute from RKO to Universal which was executed subsequent to the RKO litigation and in anticipation of this litigation. O'Neill Aff. Ex. 24.

Universal Response to First Interrogatory 1."

18. On January 3, 1983, long after instituting the present action, Universal secured by assignment from RKO General, Inc. the trademark registration in "King Kong" for Toy Animal Figures and Playsets (United States Patent and Trademark Office, Registration

SUMMARY OF ARGUMENT

The 1933 movie "King Kong" is a film classic. The story of the giant gorilla, fatally attracted to the beautiful woman; brought in chains to the mecca of civilization, New York; and then escaping, only to meet his death with the woman in his arms atop the tallest building in the world, at the hand of the modern weapon — the airplane, captured the imagination of the movie-going public around the world. The spectacular special effects in the twentieth century retelling of the beauty and the beast fable made King Kong a towering episode in the development of cinematography.

No. 1,076,514, dated November 1, 1977), which had been previously assigned to RKO by Mego Corp. on July 18, 1979. Universal, on January 18, 1983, also obtained a trademark registration in "King Kong" for Digital Watches (United States Patent and Trademark Office, Registration No. 1,224,170). Although the Lanham Act provides that a principal register trademark registration is, under section 7(b), 15 U.S.C. § 1057(b), "prima facie evidence" of the mark's validity and the registrant's ownership of and exclusive right to use the mark in commerce under specified circumstances, this presumption extends only to the goods enumerated in the registration, and not to other goods, 15 U.S.C. § 1115(a); Avon Shoe Co. v. David Crystal, Inc., 279 F.2d 607, 613 (2d Cir.), cert. denied, 364 U.S. 909 (1960); Miller Brewing Co. v. G. Heileman Brewing Co., Inc., 561 F.2d 75, 78-79 (7th Cir. 1977), cert. denied, 435 U.S. 1025 (1978), and is merely a rebuttable evidentiary presumption, Flexitized, Inc. v. National Flexitized Corp., 335 F.2d 774, 779 (2d Cir. 1964), cert. denied, 380 U.S. 913 (1965) (mark descriptive); Vision Ctr. v. Opticks, 596 F.2d 111 (5th Cir. 1979), cert. denied, 444 U.S. 1016 (1980) (mark descriptive); Cartier, Inc. v. Three Shreaves, Inc., 465 F. Supp. 123, 127 (S.D.N.Y. 1979). In any event, the evidentiary presumption of the Lanham Act is of no avail to Universal since, as discussed herein, Universal does not have trademark rights in King Kong with respect to any class of goods, as a matter of law. Further, Universal has stated in answers to interrogatories that it is not relying on its trademark registration in "King Kong" digital watches, and no use was made of the Mego King Kong trademark registration from July 18, 1979, the date Mego assigned the registration to RKO, until at least January 1, 1983, the date RKO assigned the registration to Universal. Universal Response To Third Interrogatory 14; Regan Dep. 183.

The question for this Court, however, is not the classic status of King Kong, but whether King Kong is a trademark owned by Universal. If King Kong does not designate a single source of origin to the public when the name or graphic image is applied to a product, then Universal has no basis for claiming trademark infringement, unfair competition, or dilution by Nintendo, and judgment must be entered dismissing the complaint.

In the mid-1970's, Universal wished to make a new version of the classic movie "King Kong." It sought, and thought it had obtained, a license from RKO to do so. When RKO licensed another producer instead, Universal went to court to establish that King Kong could not be claimed as an exclusive property right by anyone and that Universal was free to make its own movie. It brought suit against RKO; RKO's licensee, Dino DeLaurentiis Corporation; and Richard Cooper, the son of the original author of the King Kong story and the heir and assignee of his father's rights. In that hotly contested litigation, Universal established to the satisfaction of the federal court in Los Angeles, that King Kong was in the public domain and that Universal had the right to make its own version of King Kong without infringing on the rights of anyone claiming an interest in King Kong.

Universal, in prevailing, established that King Kong could not be a trademark; that its significance had been diluted beyond RKO; and that "King Kong" had become a part of the ordinary English language. In this action, Universal is taking a diametrically opposite position in claiming that King Kong was developed as a

trademark by RKO and that Universal succeeded to that trademark so developed. As a matter of law, Universal is both collaterally and judicially estopped from maintaining in this Court the contrary of the position it took in litigation concluded just over two years ago in the California federal district court.

The California litigation had other results which are independently, and equally, fatal to Universal's claim in this action. Even if Universal were not estopped, and Universal and the federal court in California were wrong in 1976 in deciding that King Kong could not be a trademark, the litigation established that RKO had not been granted any rights to King Kong by Cooper's father, other than the right to make and copyright the classic movie and one sequel. RKO's merchandising and other exploitation of King Kong since 1933, which allegedly established King Kong as a trademark, was found to be a violation of the original contract between Cooper's father and RKO. As a consequence, Cooper was entitled to certain contract damages, but he did not acquire, and could not have acquired, the source-designating significance of King Kong as a trademark after sitting by for forty years, while an infringer acted as the exclusive owner of King Kong. Since Cooper had not developed trademark significance for King Kong and since, as a matter of law, he did not succeed to that which RKO developed, Universal could not have succeeded to a trademark from Cooper.

The litigation had still another consequence: the "rights" to King Kong were definitively and, yet, confusingly, split among so many different sources that Universal cannot today state with

authority to anyone, even to its own personnel, what rights it has to exploit in the alleged King Kong trademark. Contemporaneously with this lawsuit, Universal instructed its own employees that, when developing a Universal King Kong exhibit, care must be taken not to use the graphic image of the ape character in the RKO classic or the Dino DeLaurentiis remake. Instead, they were told to use the image of a generic ape, a zoo ape, or an ape from wild life.

Sophisticated businessmen who wish, for whatever reason, to obtain a license to use the name and graphic image of King Kong, are shunted back and forth between Universal and RKO. The classic image of King Kong atop the Empire State Building in the 1933 movie, according to RKO, must be licensed from RKO for any use in commerce. RKO maintains that it has the exclusive right to grant licenses for certain uses of these movie stills, such as in advertisements. Nevertheless, any such use, according to RKO and Universal, must be licensed from both Universal and RKO if the image is to be used in merchandising such as on a poster or postcard. A name or a graphic image only has a trademark significance if it unequivocally conveys to the consumer that the product bearing the mark originates from a single source who stands behind and sponsors the product. Today, King Kong has no such significance.

Entirely apart from the 1976 litigation and the bar which it establishes to the different position Universal asserts in this lawsuit, the result of that litigation can be independently determined today to be correct. As a matter of law, King Kong has no trademark significance. It is a widely known name of a classic

movie; it is the name of a famous character in the movie; it is a commonplace metaphor in the English language; and it is a frequent literary allusion. The graphic image of a huge gorilla atop a skyscraper, cradling a beautiful woman, has become one of the most famous embodiments of the beauty and beast imagery, and its derivative - the ape and the woman. The movie's very fame probably doomed any effort to create a secondary meaning for King Kong, but the uncontrolled and, perhaps, uncontrollable usage by third parties and the multiple and conflictingly confusing sources for various aspects of that which made King Kong famous have been fatal to its trademark significance. King Kong, either the name or the graphic image from the movie, means many things to many people; alone or together they connote strength, size, terror, monstrosity, power, and so forth. They do not, however, denote a single source of origin, a brand, indicating to the consumer that a product bearing the mark originates from a single producer.

For each and all the reasons set out above, this Court should enter judgment against Universal. The peculiar and convoluted history of King Kong since 1933 and the amazing reversal of Universal's position on the trademark status of King Kong separate this case from the more typical trademark infringement actions. However, even if the name and a specific graphic image were a trademark and this Court were only confronted with the more usual question of whether the defendant has adopted a mark which is confusingly similar to that of the plaintiff, judgment should still be entered against Universal as a matter of law. Universal has been strikingly

unwilling to specify the specific nature of its claim to the mark and the alleged infringement. Its position is that a comparison of the 1933 movie and the 1976 remake with Nintendo's Donkey Kong game demonstrates the similarities and the likelihood of confusion.

Universal admits that it has no evidence of actual confusion, even though, at this point, approximately 7 million products bearing the Nintendo Donkey Kong trademark have been sold in the United States. On each of these products the source is prominently identified: Nintendo, the owner of the copyrighted game and the trademark Donkey Kong. When this Court, as invited by the plaintiff, makes a comparison between Nintendo's Donkey Kong game and the RKO and Dino DeLaurentiis movies, the improbability of any confusion between the two marks is so manifest that judgment should be entered against Universal on this independent ground.

There is still further reason for entering judgment against Universal. If King Kong is a trademark, Universal has been unsuccessful in developing any market for King Kong products. Nintendo's Donkey Kong, on the other hand, has been a major commercial success. Universal, showing a marked willingness to subvert its alleged mark for profit, has entered into agreements with three major Nintendo licensees. In each case, these agreements were brought about by Universal's threats of litigation against targets who were vulnerable for reasons other than the merits of Universal's claim. In each case, Universal agreed to permit the Nintendo licensees to distribute Donkey Kong products under the Nintendo mark and under Nintendo's exclusive control for a share of the revenues generated by the

sales. In the case of an upcoming television cartoon series, Universal went even further; it agreed, for a fee, to distribute a Donkey Kong television series throughout the world. As a matter of law, Universal's conduct constitutes an abandonment of its claimed mark, King Kong, or a conclusive admission that the purchaser of a Donkey Kong product would not be misled into believing that it originated with the owner of the alleged King Kong mark.

ARGUMENT

I.

UNIVERSAL IS PRECLUDED FROM ASSERTING
PROTECTIBLE TRADEMARK INTERESTS IN
KING KONG IN THIS ACTION AND NO SUCH
INTERESTS EXIST AS A MATTER OF LAW

A

UNIVERSAL IS PRECLUDED FROM ASSERTING
TRADEMARK RIGHTS IN KING KONG BY THE
DOCTRINES OF COLLATERAL ESTOPPEL AND
JUDICIAL ESTOPPEL

Universal attempts, in an abuse of the judicial process, not only to relitigate matters already determined but also to assert a position with respect to the King Kong property diametrically opposed to that which it successfully urged in the litigation it commenced in the United States District Court for the Central District of California. In that litigation, Universal succeeded in depriving RKO and Cooper of any possible claim of trademark interests in King Kong. Universal is barred by the doctrines of collateral estoppel and judicial estoppel from asserting that it now has trademark rights in King Kong as the successor in interest to RKO and Cooper.

1. Collateral Estoppel

The California litigation resulted in:

- (1) The dismissal with prejudice of the RKO and DDLC counterclaims, which were based in part on allegations of unfair competition and trademark infringement;
- (2) The Cooper Judgment which became final in 1981; and
- (3) The Universal Judgment which was ultimately vacated by the Ninth Circuit four years after it was entered by the district court as the result of the settlements among the parties.

These determinations of the federal court in California estop Universal from claiming trademark and other rights in this action.

The doctrine of collateral estoppel generally provides that once a party litigates an issue in one proceeding, he may not relitigate that same issue in a subsequent proceeding. See generally Commissioner v. Sunnen, 333 U.S. 591 (1974). Application of collateral estoppel is no longer limited by the doctrine of "mutuality", which required, as with res judicata, that only those parties who were themselves bound by a judgment could rely upon it for its collateral estoppel effect. A party to an action may be bound by facts determined in that action as against other future adversaries in future actions. Montana v. United States, 440 U.S. 147, 153 (1979); Parklane Hosiery Co. v. Shore, 439 U.S. 322, 326 (1979); Blonder-Tongue Labs., Inc. v. University of Illinois Foundation, 402 U.S. 313, 324-27 (1971).

The application of collateral estoppel is practical: trial courts are authorized to apply it when there has been a "full and fair" opportunity to litigate; there will be no unfairness to the

parties; and the interests of judicial economy will be served. To ensure fairness to the party to be estopped, the Supreme Court has "grant[ed] trial courts broad discretion to determine when [collateral estoppel] should be applied." Parklane Hosiery Co. v. Shore, 439 U.S. at 331.

The issue of fairness usually arises where a plaintiff seeks to apply "offensive collateral estoppel" against a defendant who has had certain issues resolved against him in a prior action involving another plaintiff. Absent extenuating circumstances, where a defendant has "received a 'full and fair' opportunity to litigate [his] claims in the [prior action], the contemporary law of collateral estoppel leads inescapably to the conclusion that the [defendant should be] collaterally estopped from relitigating the [prior claims]." Id. at 332-33. An even stronger reason exists to apply collateral estoppel where a plaintiff, such as Universal, has been given a full and fair opportunity to litigate its claim and has prevailed on the merits. Universal is estopped from denying the truth of that which it established, not to mention relitigating to establish the opposite contention.

Application of the collateral estoppel doctrine in this district requires that: (a) the party against whom collateral estoppel is asserted must have been a party, or in privity with a party, to the prior action; (b) the issues sought to be precluded must have been necessary, material, and essential to the prior action, and identical to the issues previously litigated; and (c) there must have been a final determination on the merits of the issues sought to be

collaterally estopped. GAF Corp. v. Eastman Kodak Co., 519 F. Supp. 1203, 1211-12 (S.D.N.Y. 1981). Since each of these requirements is satisfied, Universal is bound by the prior determinations of the California federal court which are dispositive of its present claims.

(a) Universal Was A Party To The Prior Action.

Universal was the plaintiff in the action which resulted in the Universal Judgment, the Cooper Judgment and the dismissal with prejudice of the RKO and DDLC counterclaims in California. When the Cooper Judgment was initially entered in that proceeding as an interlocutory judgment on Cooper's cross-complaint against RKO, Universal had participated fully in the litigation of Cooper's claim as well as its own claim and had a hand in drafting the specific terms of the Cooper Judgment to ensure that it would be consistent with the Universal Judgment. Moreover, shortly after Cooper obtained his interlocutory judgment in 1976, Universal acquired Cooper's rights in that judgment which was made final in 1981 and is, therefore, in privity with Cooper succeeding to both the benefits and the limitations of the Cooper Judgment. Thus, Universal had a direct adversarial interest in both the Universal and Cooper Judgments as well as the final orders dismissing the counterclaims with prejudice."

19. In answering the counterclaims of RKO and DDLC in the California federal court action with respect to unfair competition, Universal effectively admitted that the name, character and story of King Kong did not have any secondary meaning. Even apart from the estoppel effect of the prior litigation, Universal's prior inconsistent pleadings, as admissions of the facts asserted therein, would be given

- (b) The Fundamental Issues In The Present Proceeding Are Identical To Those In The Prior Action, Were Fully Litigated By Universal, And Essential To The Outcome Of The Prior Action

The fundamental issue in the present proceeding, i.e. the status of King Kong as a protectible property right, is the same as was actually and necessarily litigated in California, at Universal's instigation, albeit with Universal taking the opposite of the position it now takes.

Based on Universal's advocacy and presentation of evidence, the court in California found, in entering the Universal Judgment, that: (1) the name King Kong had become part of the ordinary English language, (2) there had existed, as of 1976, seventeen years of unlicensed uses of the name and title of King Kong, (3) the story of King Kong as embodied in the novel and magazine serialization was in the public domain, and (4) there was no evidence that the title "King Kong" had a secondary meaning. See Universal Judgment and Findings discussed at pages 23-24, supra. Further, the court dismissed with prejudice the counterclaims of RKO and DDLC which were founded on allegations of trademark infringement and unfair competition and which were contrary to the declaratory relief sought by Universal.

substantial weight in evaluating Universal's present contentions. McCormick on Evidence § 265 (2d ed. 1972). See Harvard University v. U.S. Dept. of Commerce, 576 F.2d 925 (C.C.P.A. 1978); Slate Printing Co. v. Metro Envelope Co., 532 F. Supp. 431 (N.D. Ill. 1982); See also EZ Loader Boat Trailers Inc. v. Cox Trailers Inc., 213 U.S.P.Q. 597 (T.T.A.B. 1982); Textron Inc. v. Gillette Co., 180 U.S.P.Q. 152 (T.T.A.B. 1973).

The findings underlying the Cooper Judgment were entered after Universal had objected to the proposed findings arguing that: (1) they did not make clear that no one could assert any rights as to the character, name and story of King Kong for the period after which it had fallen into the public domain; and (2) it was "logical" that the court's "findings and conclusions on Cooper's Cross-Complaint were subordinate to its findings and conclusions on Universal's Complaint." See Universal's Objections to Proposed Findings discussed at pages 24-27, supra. Universal's counsel had also argued in open court that "we don't think King Kong can be a trademark because of the dilution, because of its usage in the English language. So much so that it's been diluted beyond RKO." Excerpt of Record of Proceedings: O'Neill Aff. Ex. 13 discussed at pages 22-23, supra.

The fundamental issue of whether or not King Kong was a protectible trademark, therefore, was hotly and fully litigated in Universal's prior California action; Universal not only established that King Kong was not a protectible trademark, but also defeated RKO's and DDLC's counterclaims for unfair competition and trademark infringement. In what one might be tempted to call a typical turn in a Hollywood script, Universal is now attempting to claim unfair competition and trademark infringement by Nintendo of its alleged trademark rights in King Kong. Universal now claims that King Kong always had a secondary meaning and trademark significance that it now owns. Universal has had its day in court. It established that King Kong was not a protectible trademark. It is precluded from attempting to establish the opposite now to suit its convenience.

(c) There Was A Final Determination On The Merits
Of The Issues Sought To Be Collaterally
Estopped

Both the Universal and Cooper Judgments, as well as the orders dismissing the counterclaims of RKO and DDLC with prejudice, are final judgments with preclusive effect. As Judge Friendly stated in Lummus Co. v. Commonwealth Oil Refining Co., 297 F.2d 80 (2d Cir. 1961), cert. denied, 368 U.S. 986 (1962):

Whether a judgment ... ought be considered "final" in the sense of precluding further litigation of the same issue turns upon such facts as the nature of the decision (i.e. that it was not avowedly tentative), the adequacy of the hearing, and the opportunity for review. "Finality" in the context here relevant means little more than that the litigation of a particular issue has reached such a stage that a court sees no really good reason for permitting it to be litigated again.

297 F.2d at 89. The Universal and Cooper Judgments, as well as the orders dismissing the counterclaims in the California action, conclusively establish that there is no "good reason for permitting [the issue of protectible trademark rights in King Kong] to be litigated again."

When the Ninth Circuit vacated the Universal and Cooper Judgments and remanded for further consideration in light of the settlement agreements among the parties, all the parties and the district court intended that there be a final judicial resolution of the issue of whether King Kong was a protectible property right. Considering the ultimate resolution of the case, there can be no doubt that Universal fully litigated its claims to a final judicial resolution embodied in the terms of the Universal and Cooper

Judgments as well as the orders dismissing the counterclaims with prejudice. Further, Universal itself admits that the Universal Judgment continues to this day to define the rights among the parties to the California litigation. Even during the course of this litigation, Universal explicitly relies on the terms of the Universal Judgment and its underlying findings of fact and conclusions of law to define the rights among the parties. See Universal Response to Third Interrogatories 29, 31, 32 and 35.

Although the district court did not reinstate the Universal Judgment upon the remand from the Ninth Circuit, its terms are clearly reflected in the reinstated Cooper Judgment. The Cooper Judgment was reinstated by the court in precisely the form in which it had been previously entered. It declared that "this judgment shall not effect [sic] the finding that the serialization and novel KING KONG are in the public domain", and the underlying findings stated that they "declare the rights as between Richard Cooper and RKO and do not effect [sic] any other entity or person." Cooper Findings Fact and Conclusions of Law: O'Neill Aff. Ex. 18 at ¶ 25 discussed at page 25, supra. The Cooper Judgment and its underlying findings were phrased, therefore, to reflect the court's final decision that, while Cooper held certain contract rights against RKO, there were no trademark or other rights in King Kong for anyone to enforce against the world.

The final determination of the court on the remand from the Ninth Circuit to the effect that there are no protectible trademark interests in King Kong is also reflected in the dismissal with

prejudice of RKO's counterclaim which was based on allegations of unfair competition and dilution. RKO Counterclaim: O'Neill Aff. Ex. 6 discussed at page 20, supra. DDLC's similar counterclaims had already been dismissed with prejudice before trial as part of its settlement with Universal. O'Neill Aff. Ex. 9 discussed at page 22 supra.

A dismissal with prejudice is a determination on the merits and is generally entitled to full res judicata effect. See PRC Harris Inc. v. Boeing Co., 545 F. Supp. 438 (S.D.N.Y. 1982). While a dismissal order entered on stipulation presents certain additional considerations, it is still entitled to the same res judicata effect as any judgment entered after trial on the merits where the intent of the parties is clear that the order be final:

[A] consent decree is neither ignored nor treated solely as a contract, although, in considering the finality to be given it, the fact that it originated as a negotiated settlement is considered. Whatever type of response is sought to be invoked as a result of a judicial consent decree, a court should take into account the fact that it was rendered by consent and determine its impact by the issues actually intended to be precluded by the parties.

Kasper Wire Works, Inc. v. Leco Engineering & Machine, Inc., 575 F.2d 530, 539 (5th Cir. 1978). See also Broadview Chemical Corp. v. Loctite Corp., 474 F.2d 1391, 1394-95 (2d Cir. 1973).

Universal, RKO and Cooper intended that the issues of unfair competition and trademark infringement be finally concluded on the record. At the time of the remand, Universal had memorialized its rights to make a King Kong movie in its settlement agreements.

These settlement agreements reflected that Universal had won its declaratory judgment action, and that the King Kong property had been declared to be in the public domain and available for use by all. See Cooper Agreement: O'Neill Aff. Ex. 19 at ¶¶ B and C; RKO Agreement: O'Neill Aff. Ex. 20 at ¶¶ E and G. In essence, while certain revenues from the exploitation of King Kong were apportioned by the agreements among the various parties, Universal did not compromise its basic legal position which had been won in the Universal Judgment -- i.e., King Kong was in the public domain and had no trademark significance.²⁰

Universal succeeded through its settlement agreements to all the rights to use the King Kong property which it had sought in the litigation; its complaint was dismissed without prejudice as moot. RKO's counterclaims, on the other hand, were dismissed with prejudice, leaving no doubt that the court had finally determined that King Kong could not be a protectible trademark. This dismissal with prejudice, was agreed to by the parties and was reflected in their settlement agreements.

By the time the final Cooper Judgment was entered in 1981, Universal had succeeded to all rights under that judgment which was

20. In describing the settlement negotiations between RKO and Universal, Mr. Sheinberg testified:

I really didn't have any protracted conversations on the subject of King Kong because the Court had ruled [T]here was actually a kind of narrow subject of discussion that was really focusing on what I'll call the damages issue and the sequels issues.

Sheinberg Dep. 94.

specifically limited so as not to include trademark rights. Less than a year and a half later, Universal filed its complaint in this Court alleging that trademark rights existed in King Kong "at least since the late 1930's" and that it has succeeded to those rights as a result of its agreements with RKO and Cooper. Universal Response to First Interrogatory 1. Since Universal pursued the question of King Kong's property status to a litigated end in the California federal court, it is now collaterally estopped from asserting a directly contrary position.

2. Judicial Estoppel

Universal is also precluded from asserting trademark rights in King Kong by the doctrine of judicial estoppel, which "precludes a party from taking a position inconsistent with one previously taken with respect to the same facts in an earlier litigation." Allen v. Zurich Ins. Co., 667 F.2d 1162, 1166-68 (4th Cir. 1982); Donovan v. United States Postal Service, 530 F. Supp. 894, 902 (D.D.C. 1981); Gottesman v. General Motors Corp., 222 F. Supp. 342, 344-45 (S.D.N.Y. 1963). Judicial estoppel protects the integrity of judicial institutions:

Judicial estoppel addresses the incongruity of allowing a party to assert a position in one tribunal and the opposite in another tribunal. If the second tribunal adopted the party's inconsistent position, then at least one court has possibly been misled.

Edwards v. Aetna Life Ins. Co., 690 F.2d 595, 599 (6th Cir. 1982).

In Sperling v. United States, 692 F.2d 223 (2d Cir. 1982), the Second Circuit applied the doctrine of judicial estoppel stating that "litigants should not be permitted to 'play fast and loose with the courts' by taking inconsistent positions in related proceedings." 692 F.2d at 227 (Van Graafeiland, concurring). The Southern District has noted:

Preclusion against inconsistent positions is designed to prevent a litigant from leading a court to find a fact one way in one proceeding, and then simply because his interests have changed lead the court to find another way in a subsequent proceeding [citation omitted]. Having received a benefit in the first trial, a party is precluded from changing his position to obtain another benefit in the second trial.

Gottesman v. General Motors Corp., 222 F. Supp. at 344.²¹

Judicial estoppel may be applied in circumstances where the requirements for collateral estoppel are not met. See Scarano v. Central R. Co., 203 F.2d 510, 512-13 (3d Cir. 1953). Although, the circumstances under which it may be invoked are "not reducible to any general formulation," Allen v. Zurich Insurance Co., 667 F.2d 1162, 1166 (4th Cir. 1982), it may be invoked by a person not a party to the prior litigation, Gottesman v. General Motors Corp., 222 F. Supp. at 344, before a different court or judicial body, see Van Gaalen v. Sparks, 555 F. Supp. 325 (E.D. Va. 1983), and irrespective of the

21. The doctrine of judicial estoppel is not inconsistent with the practice under Rule 8 of the Federal Rules of Civil Procedure, which allows for advancement of inconsistent claims or defenses in the same action. Allen v. Zurich Ins. Co., 667 F.2d 1162 (4th Cir. 1982). Federal Rule 8 contemplates that the inconsistent positions can be evaluated by the same tribunal, "thus allowing an internally consistent final decision to be reached." Id.

absence of reliance or prejudice by the invoking party, Tenneco Chemicals v. Barnette Co., No. 81-1504 (4th Cir. March 3, 1983).

The judicial estoppel doctrine requires that the same underlying facts be in issue in both litigations, see Donovan v. United Postal Service, 530 F. Supp. 894 (D.D.C. 1981), although the two proceedings need not be the same or involve similar causes of action, see, e.g., Wade v. Woodings Verona Toolworks, Inc., 464 F. Supp. 465 (W.D. Pa. 1979); Gravitt v. Southwestern Bell Tel. Co., 416 F. Supp. 830 (W.D. Tex. 1976). Some courts will not apply the doctrine in a subsequent proceeding unless a party was successful in asserting its inconsistent position in the prior proceeding. See, e.g., Edwards v. Aetna Life Ins. Co., 690 F.2d 595, 598 (6th Cir. 1982); cf. Allen v. Zurich Insurance, Co., 667 F.2d 1162 (4th Cir. 1982); Wade v. Woodings Verona Toolworks, Inc., 464 F. Supp. 465 (W.D. Pa. 1979). The party need not have prevailed on the merits in the first proceeding, the party need only have been successful in persuading the court to adopt its position, either as a preliminary matter or as part of a final disposition. Id.

Judicial estoppel is entirely warranted against Universal in the case at bar to protect the integrity of the judicial process. Universal is advancing a position in this litigation which is totally inconsistent with the position on which it prevailed in the litigation before the federal district court in California, with the inescapable implication that the court in California was misled, or this Court is being misled. Having established its right to remake the movie King Kong based upon a determination that King Kong is in the

public domain and not a trademark, Universal is precluded from claiming now that it has trademark rights in King Kong.

B

UNIVERSAL CANNOT CLAIM A TRADEMARK IN KING KONG BECAUSE THE MULTIPLE ORIGINS AND PRESENT USES OF KING KONG HAVE MADE IT IMPOSSIBLE FOR KING KONG TO DENOTE A SINGLE SOURCE OF ORIGIN WHICH IS THE NECESSARY FUNCTION OF A TRADEMARK

The positions which Universal maintained and the results which it achieved in the 1975-1981 litigation in California bar Universal from claiming now that King Kong is a trademark. Even if this Court were to conclude, however, that the California litigation did not bar Universal's claim because of collateral and judicial estoppel, Universal clearly did not acquire a trademark in King Kong as a result of that litigation. The documents resulting from that litigation which Universal puts forth as the source of its alleged rights do not purport to convey, and do not convey, a trademark as a matter of law. Moreover, whatever trademark significance King Kong may once have had was destroyed by the competing and inconsistent property rights created in it over the years.

1. Universal Could Not Have Succeeded To Any Trademark Rights In King Kong On The Basis Of The Documents It Advances As The Source Of Its Rights

Universal has pointed cryptically to four documents as the source of its rights: the Cooper Judgment, the Cooper Agreement, the RKO Agreement and the June 1982 RKO assignment of causes of action to

Universal in this very lawsuit. See Universal Response to First Interrogatory 1. Attempts during discovery to inquire as to the specific rights Universal claims pursuant to each of these four documents have been unavailing. The refrain of counsel for Universal has been simply to the effect that the four documents speak for themselves. Sheinberg Dep. 80-81, 146-47, 135-37, 143; Adler Dep. 77; Hadl Dep. 64-69. Indeed, the nature of the specific rights allegedly held by Universal pursuant to the four documents collectively or individually is apparently elusive even to the officers of Universal who decided to bring this lawsuit.

For example, Mr. Sheinberg, the president of Universal, either repeatedly refused to testify as to what he specifically believed to be Universal's rights in King Kong or testified that he did not know what rights were owned (see, e.g., Sheinberg Dep. 242, 266-67, 277), although he specifically authorized filing the complaint in this action (Sheinberg Dep. 261).²² According to Mr. Sheinberg, he relied on Mr. Hadl, a vice-president in charge of outside litigation for Universal, to "articulate in considerable

22. Mr. Sheinberg was also unclear about what rights RKO and Dino DeLaurentiis might retain in King Kong, although he "suspected" that they and possibly others might have some unknown type of rights. Sheinberg Dep. 77-83, 85. This lack of clarity prevailed despite Mr. Sheinberg's boast that so far as Universal was concerned:

The King Kong case was my case and I was involved with it. I don't remember there being an intermediary. It had been said with some jest in Hollywood on my tombstone the two words that will go on is King Kong and Sony. Maybe they will add a third.

Sheinberg Dep. 111.

detail the rights which Universal thought they had." Sheinberg Dep. 272. When Mr. Hadl was questioned at his deposition, however, he also denied any knowledge of the specific rights flowing from the documents identified by Universal as the source of its rights. Hadl Dep. 68-69. According to Mr. Hadl, he would refer people inquiring as to the nature of Universal's rights to Universal's outside counsel, Mr. Kroft. Hadl Dep. 99-104, 109. Mr. Kroft, of course, was the counsel, who, representing Universal in 1976, advised the court that King Kong could not be a trademark. Excerpt of Record of Proceedings: O'Neill Aff. Ex. 13.

In the current action in a different federal court, different counsel for Universal must take another position. Universal's counsel, during the course of the Sheinberg deposition, advises that Universal's

rights ... are set forth in the documents which we have identified as the source of the rights and anyone can read them and make whatever arguments one pleases to make on the basis of that reading....

Sheinberg Dep. 81. Mr. Sheinberg himself was given repeated opportunities to set forth explicitly what rights Universal had with respect to King Kong and to point to where those rights originated. He, like his counsel, apparently views the four documents as, at best, a source for making arguments. As an example, in one portion of his deposition, Mr. Sheinberg was questioned as to whether Universal had the right to use stills from the classic 1933 movie:

Q ... Now, was it your position at the time this agreement was signed that while Universal didn't get any

rights from their agreement [with RKO] with respect to verbatim copies or excerpts, it did nevertheless have such rights?

A It was not my position that we had such rights. I had no position on that subject and in point of fact, I think that you can make an argument that, based upon a lot of Universal's behavior, that Universal has proceeded with due respect to the fact that it may not have such rights.

Q All right. And do I take it then that it is not Universal's position today that it has such rights?

A I don't assert or deny -- I reserve the right to take any position with respect to such rights and do not want to articulate such position. As far as I am concerned, that is a legal question which I am not qualified to answer.

Q At the time the lawsuit in this action was commenced, did Universal have a position on the subject?

A I don't know. I hasten to add, it's very cheap to have a position that you own the world. So what?

Sheinberg Dep. 241-42.

One would expect the alleged owner of rights in a property to be able to advise an alleged infringer of what rights he owns and how he acquired the rights. Universal's only consistent position in this proceeding is that the defendants, and, presumptively the Court, must try and find out for themselves. This unusual position, however, facilitates the determination of whether summary judgment should be entered against Universal. We are invited to evaluate Universal's naked assertion that it owns "all tradenames, trademarks, service marks, and other rights in the name, character, and story of King Kong" solely on the basis of four documents. If these documents do not provide a basis for Universal's amorphous claim to the

ownership of a trademark, then summary judgment can be entered against it on this ground alone.

The documents identified by Universal arise out of the 1975-81 litigation in California and contain terms and conditions which undercut Universal's present position at the very outset. One document identified by Universal as establishing its alleged exclusive rights in King Kong is the RKO Agreement whereby it settled its declaratory judgment litigation with RKO; executed mutual releases with RKO; and divided profits from the 1975 King Kong movie remake and future King Kong movie ventures. Nothing in the Agreement vests Universal with specific property rights in King Kong much less exclusive rights vis a vis third parties, and, indeed, the Agreement specifically recognizes that RKO and DDLC have independent rights in the King Kong property. See RKO Agreement: O'Neill Aff. Ex. 20, ¶¶ 6, 9. Moreover, the Agreement is carefully drafted so as not to disturb Universal's contentions which culminated in the Universal Judgment declaring that the story is in the public domain and available for use by all. See RKO Agreement: O'Neill Aff. Ex. 20, ¶ 9. See also Sheinberg Dep. 240.

The assignment of causes of action by RKO to Universal dated June 15, 1982, is also identified by Universal as allegedly giving rise to its exclusive rights in King Kong. It is limited to this very proceeding and provides:

For valuable consideration, RKO General Inc. ("RKO") hereby transfers and assigns to Universal City Studios, Inc. ("Universal") all of its rights, title and interest in and to any and all causes of action for violation of

United States Trademark Laws and Unfair Competition against Nintendo Co., Ltd. and Nintendo Corporation of America, Inc. ("Nintendo") and all others acting for, or in concert with, Nintendo, arising out of or connected with Nintendo's unlawful use of the 'King Kong' name, character and story in violation of RKO's and Universal's rights....

O'Neill Aff. Ex. 24. Mr. Hadl testified in his deposition that this assignment was obtained simply because otherwise RKO might have been a necessary party to the Nintendo litigation as a constructive trustee under the Cooper Judgment. See Hadl Dep. 49-50. The terms of the assignment add nothing to Universal's claim to exclusive rights in King Kong. Universal does not claim a right in a cause of action but rather the exclusive rights in the property allegedly underlying the cause of action. Indeed, the recitation of "RKO's rights" in the assignment would be contrary to Universal's claim of exclusive rights if in fact "RKO's rights" were anything more than those of a constructive trustee.²³

The Cooper Judgment is also advanced to this Court as the source of Universal's alleged exclusive trademark rights. Yet, the very terms of the Cooper Judgment assumed that no trademark rights existed. Further, the phrasing of the Cooper Judgment and its underlying findings of fact and conclusions of law were drafted

23. We also note that there is grave doubt as to whether any such assignment of causes of action for an alleged trademark infringement can be valid. It has been held that any assignment of a trademark cause of action is invalid absent a concurrent assignment of the goodwill the trademark represents. See International Soc. for Krishna Consciousness of Western Pa., Inc. v. Stadium Authority of Pittsburgh, 479 F. Supp. 792, 797 (W.D. Pa. 1979). Clearly, there has been no assignment of goodwill from RKO to Universal by virtue of this document or any other document. See infra.

specifically to account for the Universal Judgment which had established that neither RKO nor Cooper could claim any trademark rights and to make explicit that the Cooper Judgment adjudicated contract rights and did not establish any rights, such as in a trademark, which could be enforced against third parties.

Finally, Universal advances the Cooper Agreement as the source of its alleged exclusive trademark rights. Universal's position is that under the broad assignment of rights in the Cooper Agreement, it has succeeded not only to Cooper's contract rights against RKO established in the Cooper Judgment, but also to trademark rights allegedly created on Cooper's behalf by RKO. Universal claims that these trademark rights were developed by RKO "at least by the late 1930's" as a result of the success of the 1933 movie and subsequent licensing activities by RKO with respect to King Kong. See Universal Response to Second Interrogatory 9; Complaint ¶¶ 6-13. Even if RKO developed secondary meaning in King Kong, such rights could not be merely adopted by Cooper and could not have inured to Cooper's benefit so that they could be assigned to Universal.

Trademarks are integral and inseparable elements of the goodwill of the business to which they pertain. Visa, U.S.A., Inc. v. Birmingham Trust Nat. Bank, 696 F.2d 1371 (Fed. Cir. 1982); Avon Shoe Co. v. David Crystal, Inc., 171 F. Supp. 293 (S.D.N.Y. 1959), aff'd, 279 F.2d 607 (2d Cir.), cert. denied, 364 U.S. 909 (1960). The Supreme Court stated in its classic pronouncement that:

[Plaintiff's argument] is based upon the fundamental error of supposing that a trademark right is a right in gross or

at large.... There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.... [T]he right to a particular mark grows out of its use, not its mere adoption....

United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918). See also American Footwear Corp. v. General Footwear Co. Ltd., 609 F.2d 655 (2d Cir. 1979), cert. denied, 445 U.S. 951 (1980). Judge Augustus Hand explained this aspect of trademark rights:

A trade-mark is not property in the ordinary sense but only a word or symbol indicating the origin of a commercial product. The owner of the mark acquires the right to prevent the goods to which the mark is applied from being confused with those of others and to prevent his own trade from being diverted to competitors through their use of misleading marks. There are no rights in a trade-mark beyond these.

Industrial Rayon Corp. v. Dutchess Underwear Corp., 92 F.2d 33, 35 (2d Cir. 1937), cert. denied, 303 U.S. 640 (1938). It is well established, therefore, that no property right in a trademark arises except in connection with its use by an existing business entity. American Steel Foundries v. Robertson, 269 U.S. 372 (1926); Dynamet Technology, Inc. v. Dynamet, Inc., 593 F.2d 1007 (C.C.P.A. 1979). Further, there can be no trademark right except in connection with the mark's use by a business entity that has engaged in sufficient activities to have acquired goodwill for the trademark to symbolize. Id.²⁴

24. A consequence of this functional status of a trademark is that there can be no assignment of a trademark apart from the goodwill it represents. Such an assignment is known as an "assignment in gross." This occurs where the owner of a mark attempts to assign his rights in the mark apart from the business goodwill which the mark

Cooper, who held underlying rights to King Kong as declared in the Cooper Judgment, never undertook or sponsored any use of King Kong in connection with the goodwill of a particular business entity. Cooper, therefore, never broadened his ownership interest in King Kong into a trademark right through his own uses. RKO, on the other hand, exploited King Kong for over forty years. If RKO established a trademark through its unsupervised and virtually unchallenged activities, that trademark is representative of the goodwill of RKO alone and could not be merely adopted by Cooper after the fact.

Any secondary meaning created by RKO could have inured to Cooper's benefit in establishing a trademark only if a valid license existed between them. A licensee's use of a mark and resulting goodwill are generally held to inure to the benefit of the licensor in establishing a trademark in the public mind because, under a valid trademark license, such use is controlled and supervised by the licensor to ensure that it continues to reflect his goodwill as the owner of the mark. See generally Turner v. H M H Publishing Co., 380 F.2d 224, 229 (5th Cir.), cert. denied, 389 U.S. 1006 (1967). The

has come to represent. It occurs, for example, where a manufacturer attempts to sell his brand name apart from his ongoing business which is symbolized by the name. Under such circumstances, the mark ceases to identify the specific nature and quality of goods (i.e., elements of goodwill) which were associated with the assignor's business or trade. It is generally held that this severance of the mark from the business goodwill it represents effects an abandonment of rights in the mark. See e.g., Haymaker Sports Inc. v. Turian, 581 F.2d 257 (C.C.P.A. 1978); Johanna Farms, Inc. v. Citrus Bowl, Inc., 468 F. Supp. 866 (S.D.N.Y. 1978); Otis Elevator Co. v. Echlin Mfg. Co., 187 U.S.P.Q. 310 (T.T.A.B. 1975).

policy of placing an affirmative obligation on the owner of a mark to protect its significance has been expressed by the Second Circuit:

If the licensor is not compelled to take some reasonable steps to prevent misuses of his trademark in the hands of others, the public will be deprived of its most effective protection against misleading uses of a trademark. The public is hardly in a position to uncover deceptive uses of a trademark before they occur and will be at best slow to detect them after they happen. Thus, unless the licensor exercises supervision and control over the operations of its licensees the risk that the public will be unwittingly deceived will be increased and this is precisely what the [Lanham] Act is in part designed to prevent. See Sen. Report No. 1333, 79th Cong., 2d Sess. (1946). Clearly the only effective way to protect the public where a trademark is used by licensees is to place on the licensor the affirmative duty of policing in a reasonable manner the activities of his licensees.

Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 367 (2d Cir. 1959).

The controlled dissemination of a trademark through licensees is entirely distinct from RKO's exploitation of King Kong which was completely unauthorized and uncontrolled by Cooper. See Regan Dep. 168-171. When the owner of a mark purports to license the right to use his mark without controlling the nature and quality of the goods sold under the mark by the licensee, the mark loses its significance as a symbol of the licensor's goodwill, and the mark is deemed abandoned. See, e.g., Haymaker Sports, Inc. v. Turian, 581 F.2d 257, 261 (C.C.P.A. 1978); I.H.T. Corp. v. Saffir Publishing Corp., 444 F. Supp. 185, 189 (S.D.N.Y. 1978). Where a trademark owner not only fails to provide for or exercise adequate control under licensing agreements, but simply permits unauthorized uses, trademark rights are clearly lost. See generally J. Gilson, Trademark Protection and

Practice § 3.06 (1982); J. T. McCarthy, Trademark and Unfair Competition § 17.5 (1973 and December 1982 Supp.).

If an owner of an existing trademark jeopardizes his claim to the trademark by permitting uncontrolled licensing or unauthorized uses, a fortiori, an owner who has not used his property himself to establish a trademark cannot rely on these same unauthorized and unsupervised activities to establish trademark rights in him. Assuming, therefore, that RKO had established a trademark in King Kong, Cooper never succeeded to this trademark, so he could not have assigned it to Universal. While the terms of the Cooper Agreement are broad enough to grant to Universal whatever rights Cooper had in King Kong subject only to his specific reservations (see infra), Universal's sleight of hand in this Court cannot turn Cooper's contract rights, which, as declared in the Cooper Judgment, are enforceable only against RKO, into trademark rights enforceable against the world.

2. The Competing Property Interests in King Kong Have Vitiating All Trademark Significance to the Name, Character and Story

The identification of a single source of origin is the primary function of a trademark. Clairol, Inc. v. Gillette Co., 389 F.2d 264, 269 (2d Cir. 1968). The protection of the public from source confusion is a primary reason why protection is afforded to established trademarks, Lever Bros. Co. v. American Bakeries Co., Inc., 693 F.2d 251 (2d Cir. 1982); Spring Mills, Inc. v.

Ultracashmere House, Ltd., 689 F.2d 1127 (2d Cir. 1982). The owner of a mark may forfeit any claim of right in a trademark where, by any act of commission or omission, he fails to ensure that the mark continues to represent his goodwill as the single source of origin. It is clear that the King Kong property has been voluntarily divided among a number of entities each of whom claims distinct rights with no connection to a single source of origin.

A number of separate and distinct property rights in the name, character and story of King Kong, are established on the face of the documents advanced by Universal as allegedly establishing its exclusive rights:

1. RKO is the exclusive owner of the 1933 movie and the sequel "Son of Kong" with the sole right to exhibit these movies, to duplicate or distribute in any medium verbatim copies or excerpts from these movies, and to use or to license the use of stills and footage from these movies for various commercial purposes, see RKO Agreement: O'Neill Aff. Ex. 20, ¶ 6; Regan Dep. 70, 96-99;
2. Cooper is the owner of worldwide book publishing rights in King Kong including the right to make, distribute or license novels, comic books or magazine articles using the name, character and story of King Kong, see Cooper Agreement: O'Neill Aff. Ex. 19, ¶ 3a; Regan Dep. 81-83;
3. DDLC is the exclusive owner of the 1976 King Kong movie with the sole right to exhibit this movie, to duplicate or distribute in any medium verbatim copies or excerpts from this movie and to use or license the use of stills or footage from this movie for various commercial purposes, see RKO Agreement: O'Neill Aff. Ex. 20 ¶ 9; DDLC-RKO Agreement: Regan Dep. Ex. 69; Regan Dep. 116-118.

Universal claims to have the balance of all rights in the name, character and story of King Kong. See Complaint ¶ 6. Each of the above interests is controlled or exercised only by its owner. RKO, Cooper, DDLC and Universal have independent property interests in King Kong which each is free to exploit and enforce in its sole discretion.

Universal asserts that secondary meaning has attached to the King Kong name, character and story because "the public associates the name King Kong, the character King Kong (i.e., the King Kong gorilla) and the King Kong story (including the pictorial representation of the King Kong gorilla atop a skyscraper, holding a woman captive) with the motion pictures entitled 'King Kong' and with the makers of those motion pictures, to whose rights Universal has succeeded." Universal Response to First Interrogatory 40. The original source of this alleged secondary meaning and trademark significance in King Kong is the 1933 movie. See Complaint ¶ 9. Indeed, according to Mr. Sheinberg, anyone growing up in the United States from 1930 or after, unless he had "brain damage" or lived in a "cave somewhere" would be aware of King Kong and such awareness would probably come from seeing the King Kong movie or excerpts or stills from it, especially one of a large ape on top of the Empire State Building. Sheinberg Dep. 10-11. But RKO is the sole proprietor of the 1933 movie footage and stills.²⁵

25. In fact, Mr. Sheinberg himself admitted that it would be "ridiculous" for Universal to claim sole ownership of the 1933 film because "we do not own the film, the original King Kong...."

RKO has been the exclusive owner of the original King Kong film since 1933 and has continuously exploited its ownership to the present day. Regan Dep. 70, 96-99. Not only has the movie been continuously exhibited in theatres, but RKO also presently licenses use of still photographs and footage from the movie for various commercial uses as well as licensing distributors to distribute 16 millimeter reproductions for use in homes, hospitals and colleges, eight millimeter reproductions for home sales or rentals and reproductions for video cassettes and discs for home use. Regan Dep. 98-99. It is RKO's position that Universal cannot use a scene from the 1933 movie depicting King Kong atop the Empire State Building without first obtaining a license from RKO. Regan Dep. 96.

Universal's inability to use freely the one scene which it points to as the essence of the alleged King Kong trademark has, according to one of Universal's lawyers, frustrated the merchandising of the King Kong property. See Regan Dep. 45 (quoting Joseph Di Muro, Universal's inside counsel). Further, RKO's exclusive right to license that scene confuses the source of any claimed trademark. Indeed, this division of rights has limited Universal's future plans for King Kong despite its claims of exclusive ownership. While discussing a possible script for another King Kong remake of its own which is to be a farce of the original King Kong, Mr. Sheinberg counseled his scriptwriter to:

Sheinberg Dep. 269.

consult with one of our in-house lawyers ... to be sure that we [do] not inadvertently infringe on any rights owned by RKO or otherwise -- or indeed Dino DeLaurentiis ... both of those parties have protectible rights in the King Kong property ... [and Universal should not be] in the position of being infringers of those rights ... anything that was protectible in the particular screenplay or the photoplay of King Kong, in either of those two films, ... should not through inadvertence or worse be used.

Sheinberg Dep. 77-78. Thus, while Universal may make a movie using a King Kong name, character or story, it must avoid any scenes which depict or closely resemble those which are the classic embodiment of any alleged trademark in King Kong. See RKO Agreement: O'Neill Aff. Ex. 20, ¶ 7.

Similarly, in connection with a planned Universal Studios Tours attraction in California utilizing the King Kong name, character and story, Mr. Sheinberg advised the project manager to get "legal advice ... so that we [don't] depict the ape or anything else that may be protectible." Sheinberg Dep. 84. In line with this advice, the designer of the planned project was informed that:

the King Kong character is not to be modeled after the ones used in either of the two motion pictures, but rather is to be based upon generic apes or an ape from a zoo or from wild life.

Sheinberg Dep. Ex. 43. Nothing is more extraordinary in this most extraordinary proceeding than to find the alleged owner of a trademark originating from the depiction of King Kong in the 1933 movie being forced to use a "generic" ape, a zoo ape, or a wild life ape, rather than the King Kong image with which the public allegedly associates the name, character and story.

RKO's exclusive ownership of the 1933 movie has not only hampered Universal's internal merchandising efforts but has also created problems and uncertainty in connection with potential licensees of the King Kong property. For example, when a potential licensee sought to use a scene from the 1933 movie in a magazine advertisement and on a poster, it became ensnared in this tangled web of ill-defined rights. RKO could license the use of the still in the advertisement since it has the exclusive right to the still; however, it could not license the poster since that might constitute "merchandising". Regan Dep. 128. On the other hand, Universal could not license the poster without RKO's permission because it has no right to license a movie still. Regan Dep. 128; Regan Dep. Exs. 76 and 77.

Similarly, another potential licensee who first approached Universal to license King Kong for use in an advertisement was referred by Universal to RKO. RKO, however, did not know whether it had the exclusive right to license the proposed use. Ultimately, the potential licensee apparently became so fed up in its efforts to decipher who could license the stills or drawings of various scenes from the movie that it decided against using the King Kong property. Regan Dep. 158-61. Further, when another licensee sought to put an inflatable balloon of King Kong atop the Empire State Building, RKO first drafted a license and then decided it could not give permission since the effort might involve "merchandising rights" and the licensee was referred to Universal. Regan Dep. 36-39, 154-55. Even after the balloon venture was underway, however, RKO's top management

continued to question whether the proper licensor was RKO rather than Universal. See Regan Dep. 203.

Still another example involves Universal's claim to the exclusive right to the television use of the King Kong name, character and story. Universal Response To First Interrogatory 4. Despite this claim, RKO granted permission to an advertising agency in March 1981 to use an animated version of a large ape atop the Empire State Building for a television commercial even though no film footage or stills from the 1933 movie were to be used in the commercial. Regan Dep. Ex. 75. In sum, this division of rights in the King Kong property between RKO and Universal has created what has been termed by RKO as a "fuzzy area" in which no one seems quite sure who has what rights in King Kong. See Regan Dep. 128.

In addition to the fragmentation of the King Kong property into separate rights held by RKO, Universal, Cooper and DDLC, the property has been independently exploited by still other entities with no connection to Universal. Aside from the pervasive unauthorized uses of King Kong discussed in Part II, infra, there exist numerous trademark applications and registrations of marks similar or identical to "King Kong" or "Kong", as revealed by a routine search report. See Lincoln Aff. ¶ 10.

For example, H.H. Brown Shoe Co. Inc. owns the registered mark "King Kong" for footwear (Reg. No. 1,118,277); Clipper Pyrotechnic Corporation owns the registered mark "King Kong" for fireworks (Reg. No. 859,531); Moderis A.G. Glarus has applied for the mark "King Kong deKenzo" for perfumes or cosmetics (App. No. SN

245,196); Carilo M. Basas owns the registered mark "King Conga" for drums or drum sets (Reg. No. 1,000,746); Congoleum Industries, Inc. owns the registered mark "King Congo" for rugs or carpets (Reg. No. 932,342); Banyan Enterprises owns the registered mark "King Pong" for tennis game accessories (Reg. No. 1,129,339); Kingi Enterprises Co., Ltd., owns the registered mark "Cheng Kong" for sporting articles (Reg. No. 1,168,547); and Tufftoys, Inc. owns the registered mark "The Amazing Kong" (Reg. No. 1,161,102) and "Kong" (Reg. No. 1,145,509) for stuffed toys. See Lincoln Aff. ¶ 10.

When asked during discovery about these and many other public filings evidencing numerous claims to King Kong as a trademark, Universal responded as to most of these filings that: (1) after investigation Universal was unable to ascertain whether the mark in question was actually used, (2) Universal believed the mark to be abandoned, (3) the use in question would not be confused with Universal's use of King Kong, or (4) the use was presently being investigated by Universal. See Universal Response to Third Interrogatory 26. In any event, it is clear that just as Universal had never taken any steps against alleged infringers of its claimed mark until it brought this suit against Nintendo and threatened Nintendo's licensees, it had not even made the most perfunctory inquiries about the vast majority of these public registrations until Nintendo asked during discovery in this lawsuit what action it was taking with respect to them. See Universal Response to Second Interrogatory 2; compare Universal Response to Second Interrogatory 1

with Response to Third Interrogatory 26."

Universal's assertion of trademark rights in King Kong when the King Kong property has been fragmented into separate and independent uses, both by agreement and appropriation, creates consumer confusion and is contrary to the fundamental purpose of a trademark to denote a single source of origin. Further, even if the public associates "the name King Kong, the King Kong character ... and the King Kong story ... with the motion pictures entitled 'King Kong' and

26. The history of one of the few registrations of which Universal admitted prior knowledge reveals the tenuousness of Universal's claim in the face of the fragmentation of the King Kong property. H.H. Brown Shoe Company holds a registered trademark "King Kong" with a first use dating back to 1925. Lincoln Aff. ¶ 11. RKO, Universal's alleged predecessor in interest to King Kong, first heard of Brown Shoe's use in July of 1976 when it wrote a letter demanding that Brown Shoe desist in its use of the mark or obtain a license from RKO. Regan Dep. 229. Brown Shoe responded that because its use was prior to that of RKO it did not need a license and would not cease using the mark on its shoes to denote Brown Shoe as the source of origin. Regan Dep. 222-23.

Brown Shoe subsequently filed for a formal trademark registration in the Trademark Office, and RKO filed a notice of opposition through its attorneys, Coudert Brothers. Regan Dep. 224-227; Regan Dep. Ex. 95. After, examining RKO's position, Coudert Brothers advised RKO that:

Brown Shoe will rely upon, (1) its own consistent use of the mark since 1935; (2) the 1950 publication in the Official Gazette of its application to register "King Kong"; and, (3) registration of "King Kong" by third parties not claiming through [RKO], all of which have been published in the Official Gazette.... In summary ... in the light of H.H. Brown Shoe's forty-year investment in the mark and our own apparent lack of diligence in policing, it would seem that a showing of likelihood of confusion will be necessary. For reasons alluded to above this may be a difficult task....

Regan Dep. 230-33; Regan Dep. Ex. 97. On the basis of these considerations, RKO withdrew its opposition to Brown Shoe's registration because they knew they "were going to fail and waste money and time." Regan Dep. 237.

with the makers of those motion pictures," the principal motion picture is the 1933 classic, and RKO is the maker. Universal's attempt to trade on the goodwill generated by RKO through this picture with which it has had no connection or claim of right is an attempt to misuse the trademark laws so as to deceive the public.

C

UNIVERSAL'S AGREEMENTS WITH NINTENDO'S
LICENSEES CONSTITUTE AN ABANDONMENT OF
A TRADEMARK CLAIM IN KING KONG OR A
CONCLUSIVE ADMISSION THAT NINTENDO'S
DONKEY KONG IS NOT AN INFRINGEMENT OF
KING KONG

By Spring 1982, Universal's federal litigation in California had been concluded for just over a year. Universal had emerged the clear winner. But its victory was a pyrrhic one. Prior to the introduction of Donkey Kong by Nintendo, Universal had received revenues of only a few thousand dollars from its single King Kong license. Nintendo's Donkey Kong was apparently viewed as the possibility for an unanticipated bonanza.

In April 1982, almost nine months after Nintendo had commenced marketing its extraordinarily successful video arcade game, Universal asserted for the first time that Nintendo's product infringed on Universal's alleged rights in King Kong. Universal, however, did not seek preliminary relief against the alleged irreparable injury to its trademark rights.²⁷ Instead, Universal embarked

27. Despite Universal's repeated allegations of ongoing irreparable injury to its alleged trademark rights, Universal has not sought a preliminary injunction. Mr. Sheinberg explains away the decision not

on a course designed to secure for itself a share in Nintendo's success, by obtaining royalty agreements from Nintendo's licensees for a percentage of the gross sales of Donkey Kong.

During the two months between its original threat in April and instituting this lawsuit against Nintendo in June, Universal bargained for and succeeded in extracting a royalty agreement from Coleco. In bargaining with Coleco, Universal was aware that, irrespective of the merits of Universal's claim, Coleco was not in a position to resist Universal's demands. See Greenberg Aff. ¶ 9 and Schwefel Aff. ¶¶ 3 and 4. See also Hadl Dep. 102. Coleco had staked its corporate future on the free dissemination of Donkey Kong, and the mere threat of litigation threatened that future. Id. Therefore, apart from the written covenant not to sue and the provision for a three percent royalty ultimately agreed to by Coleco and Universal, Coleco and Universal reached an understanding that Universal would not seek a preliminary injunction or take any other immediate action against Nintendo or anyone else which might adversely affect Coleco's marketing and distribution of Donkey Kong. See Greenberg Aff. ¶¶ 13 and 14 and Schwefel Aff. ¶¶ 5 and 6.

At the time the agreement was signed between Universal and Coleco, Nintendo had sold approximately 60,000 Donkey Kong video arcade machines. During the next year, Coleco sold over six million Donkey Kong cartridges for use in its ColecoVision home video game,

to seek such relief by saying that "if we didn't seek [a preliminary] injunction, it was only because we believed we couldn't get one." Sheinberg Dep. 263.

and in home games manufactured by Atari and Mattel. Greenberg Aff. ¶ 16. Each one of these six million cartridges bears the Nintendo name and trademark Donkey Kong. Not one of these cartridges, sold with the acquiescence of Universal, bears any mention of Universal or any disclaimer designed to eliminate consumer confusion. Greenberg Aff. ¶ 17. By April 20, 1983, Universal had already received cash payments of almost \$4 million resulting from these sales. Greenberg Aff. ¶ 17. If Universal had a trademark, it could only preserve it by careful policing, designed to prevent consumer confusion. Instead, it embarked on a course designed to maximize the alleged confusion.

Universal did not stop there. By January 1983, it had secured an identical agreement from Atari which was developing Nintendo's Donkey Kong game for use with home computers. Universal secured this agreement by pressuring Atari's parent corporation, Warner Communications, Inc., with which it had extensive business relationships in other areas. See Paul Aff. ¶ 6. Because it was feared that Atari's reluctance to execute the agreement jeopardized these relationships, Atari was instructed by its parent to execute the agreement irrespective of the merits of Universal's claims. Id.

On the very eve of this motion, Universal entered into still another agreement with Ruby-Spears, which is developing a television cartoon series based upon Nintendo's Donkey Kong game. In this case, however, Universal went further. Not only did it bargain for and receive a royalty for each Donkey Kong episode developed by Ruby-Spears, it also bargained for and received the right to

distribute the cartoon series throughout the world. Therefore, Universal will be actively engaged in distributing television programs which, in each case, will include prominent acknowledgments that they are based on the Nintendo trademark Donkey Kong.

Universal's conduct is extraordinary, if, indeed, it believes that it owns a trademark in King Kong and that Nintendo's Donkey Kong infringes and dilutes that trademark. But it is more than extraordinary. Universal's conduct, as a matter of law, constitutes a conclusive admission that there is no confusion between the two marks. Indeed, for Universal to claim confusion while at the same time sponsoring the dissemination of the alleged confusion and participating in the resulting profits is nothing less than an abandonment of any claim that it owns a trademark in King Kong.

The Coleco, Atari and Ruby-Spears agreements with Universal have none of the essential elements for preserving Universal's alleged trademark rights. The agreements are no more than covenants not to sue in return for royalties and other benefits. They do not contain any provision for Universal to supervise manufacturing or control the quality of Donkey Kong products. See, e.g., Haymaker Sports, Inc. v. Turian, 581 F.2d 257, 261 (C.C.P.A. 1978) (mark abandoned where uncontrolled licensing); I.H.T. Corp. v. Saffir Publishing Corp., 444 F. Supp. 185 (S.D.N.Y. 1978). They also do not provide for Nintendo's name to be removed from, or for any disclaimer with respect to Universal to be put on, the Donkey Kong products involved. Indeed, Universal never even brought up the subject of trademark identification during the negotiations with Nintendo's

licensees who identify their products only as sponsored by Nintendo. See Greenberg and Paul Affidavits.

If Universal has any valid claim in this action, therefore, it itself has perpetrated a fraud on the public not only by allowing millions of allegedly infringing products to be disseminated to the public under Nintendo's name, but also by joining in and profiting from the successful dissemination of these products. At the very least, it might have been expected that Universal would have demanded a disclaimer of Universal sponsorship on the licensed products. Such a disclaimer, as recognized by many courts, would have remedied any alleged confusion as to the source of a product. See Plus Products v. Plus Discount Foods, Inc., 80 Civ. 6224 (S.D.N.Y. February 18, 1983); Mushroom Makers, Inc. v. R. G. Barry Corp., 441 F. Supp. 1220 (S.D.N.Y. 1977), aff'd per curiam, 580 F.2d 44 (2d Cir. 1978), cert. denied, 439 U.S. 1116 (1979) (disclaimer requirements imposed as remedies). Obviously, by its failure to require or even suggest such a disclaimer, Universal was not concerned with confusion between its alleged mark and Donkey Kong.

It is clear that where a party consents to another's use of the same or similar mark, it effectively admits that there is no likelihood of confusion between the uses of the marks. Thus, in Croton Watch Co. v. Laughlin, 208 F.2d 93 (2d Cir. 1952), the court found that an agreement between the plaintiff's predecessor, user of the mark "Nivado", and defendant, owner of the mark "Movado", allowing plaintiff to use the mark "Grenchen Nivado" operated as a binding admission that there was no confusion between the two marks.

See also Peyrat v. L.N. Renault & Sons, Inc., 247 F. Supp. 1009, 1015 (S.D.N.Y. 1965) (citing Croton Watch). Similarly, in Application of E.I. DuPont DeNemours & Co., 476 F.2d 1357 (C.C.P.A. 1973), the court found that an agreement whereby the mark RALLY could be used by plaintiff for automobile cleaning and polishing products and by defendant for an all-purpose detergent operated as strong evidence that there was no likelihood of confusion as to the source of the marks. As stated by the court:

It can be safely taken as fundamental that reputable businessmen-users of valuable trademarks have no interest in causing public confusion. The genius of the free competitive system is the paralleling of the interest of the entrepreneur and the consuming public so far as possible. Altruism aside, it is in his pecuniary interest, indeed a matter of economic survival, that the businessman obtain and retain customers, the very purpose and function of a trademark, and that he avoid and preclude confusion. In so doing he guards both his pocketbook and the public interest.

Thus when those most familiar with use in the marketplace and most interested in precluding confusion enter agreements designed to avoid it, the scales of evidence are clearly tilted. It is at least difficult to maintain a subjective view that confusion will occur when those directly concerned say it won't. A mere assumption that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not.

Id. at 1362-63. See also Mushroom Makers, Inc. v. R.G. Barry Corp., 441 F. Supp. 1220, 1231 (S.D.N.Y. 1977), aff'd per curiam, 580 F.2d 44 (2d Cir. 1978), cert. denied, 439 U.S. 1116 (1979).

By entering into agreements with Coleco, Atari and Ruby Spears whereby Universal agreed not to sue for infringement in return for a percentage of the royalties obtained on sales of Donkey Kong

products, Universal has foreclosed any claim that there is a likelihood of confusion between King Kong and Donkey Kong. See Mushroom Makers Inc. v. R. G. Barry Corp., 411 F. Supp. at 1231. On their face, these agreements amount to Universal's endorsement of the continued marketing of Donkey Kong. As such, Universal puts itself in the inconsistent position of seeking to protect its alleged trademark rights in King Kong while encouraging, and even profiting from, the continued sales of Donkey Kong products. Moreover, since Universal has taken an active role in the distribution of Donkey Kong products and is profiting handsomely therefrom, it cannot complain that its own alleged mark is being diluted by Nintendo.

Trademarks are fragile property rights that must be carefully preserved and established in the public mind in connection with an ongoing business. They function only "to protect the individual reputation and good-will that parties build for their goods in the market." Bi-Right Enterprises, Inc. v. Button Master, 81 Civ. 5642 (S.D.N.Y. January 17, 1983). The owner of a trademark has an affirmative duty to police actively and diligently the uses of its trademark property to preserve the goodwill and origin-denoting quality of his mark and to protect the public from misleading uses of the mark. Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 367 (2d Cir. 1959). Universal has either ignored or forgotten these basic principles of trademark law and has turned its alleged mark into nothing more than a weapon to extract profits from another's products. By doing so, Universal has abandoned either its mark or

its claim of confusion. In either event, we respectfully submit, it has lost its case.

II.

KING KONG HAS BECOME DILUTED TO THE
POINT WHERE IT CANNOT BE A VALID
TRADEMARK, AND, IN ANY EVENT, THERE IS
NO LIKELIHOOD OF CONFUSION WITH DONKEY
KONG

In Part I of this memorandum, we have demonstrated that Universal is estopped from claiming that King Kong can be a protectible trademark because of the previous litigation in California; Universal could not have succeeded to a trademark right resulting from that litigation in any event; and Universal's subsequent activities with respect to Nintendo's licensees have made it impossible for it to assert that any claim of right in King Kong is infringed by Donkey Kong. In Part II, we turn to an analysis of the present status of King Kong and demonstrate that not only is Universal foreclosed from asserting trademark rights in King Kong, but King Kong lacks trademark significance as a general matter. Further, even if Universal could claim a trademark in King Kong, as a matter of law there is no possibility that it could be confused with Donkey Kong.

A

THE NAME AND GRAPHIC IMAGE OF "KING
KONG" LACK TRADEMARK SIGNIFICANCE

Universal's attorney argued to the federal court in 1976:

We don't think King Kong can be a trademark because of the dilution, because of its usage in the English language. So much so that it's been diluted beyond RKO.

Excerpt of Record: O'Neill Aff. Ex. 13, Tr. 846. Universal was correct, and the California district court agreed with Universal's arguments.

The theme of King Kong is ancient. It has reappeared throughout the ages and in many cultures. The theme itself is an embodiment of an even more universal story: beauty and the beast. The King Kong image has been used in many diverse contexts; the term "King Kong" has been defined in dictionaries and various other sources and is commonly used as a metaphor or synonym; and the name "King Kong" or variations of the name have been used together with the graphic image in a wide variety of contexts where no license was given or no license required. Even apart from the fragmentation of King Kong between Universal, RKO, DDLC, Cooper and other registered users discussed above, King Kong's dilution and usage as a common term has rendered it incapable of denoting a specific source or particular origin. The name, the graphic image, and combinations thereof, are so widely used in ways devoid of trademark significance that, as a matter of law, it cannot be used as a trademark by Universal.

The usage of King Kong does not neatly fall into traditional rubrics for finding that a name or graphic image is not a trademark, such as the classification of a claimed trademark as generic. However, the novelty of this case is caused by Universal's unusual claim that a fifty-year old character, whose name and image have been absorbed into our culture and have never been adequately protected or promoted as a trademark, has trademark significance. This Court should hold that because neither the name nor graphic image of King Kong denotes a specific source of origin, they cannot be claimed as a trademark for products which utilize an ape-like character and the name "Kong".

1. The Origins of the "King Kong" Theme

The King Kong story is a modern version of an ancient and universal myth. That myth, in its varying forms over the centuries, presents the theme of a beast manifesting through his love of a woman both the tenderness and the brutality of mankind. In the modern, cinematic telling of the story, "King Kong" reenacted that theme with enormous impact and success.

As set forth in greater detail in the affidavit of Jeff Rovin, sworn to May 6, 1983 (hereinafter "Rovin Aff."), and exhibits annexed thereto, predecessors to the theme of King Kong can be found throughout the history of literature. Generally, it is part of the "beauty and the beast" genre of myths and stories that existed in many different cultures over time. As early as 2,000 B.C., the Babylonian legend of Gilgamesh told of a hairy brute, Enkidu, who was

tamed by his love for a priestess. Numerous myths and fairy tales developed this same theme. Rovin Aff. ¶ 5.

The theme of the maiden and the ape constitutes a sub-genre of the "beauty and the beast" genre. One example is a Japanese folk tale, told in over one hundred versions, called "The Monkey Bridegroom", in which a girl is forced to marry a monkey as a result of her father's promise to the monkey. In a version typical of southern Japan, the girl cleverly tricks the monkey into climbing a tree, from which he falls to his death. Rovin Aff. ¶ 6. Other similar tales include one from the Arabian Nights, called "The King's Daughter and The Ape," in which a princess runs off with an ape who has fallen in love with her, and an eleventh century tale of one Count Gulielmus, whose wife took a pet ape as a lover. Ultimately, the ape, in a fit of jealousy, kills the Count. Rovin Aff. ¶¶ 8, 9.

A later variation, of Franciscan origin and dating from the fourteenth century, portrayed a pet ape who became devoted to a poor maiden and stole food from his master to feed her. When the girl took a lover, the ape in a jealous rage attempted to kill her. Rovin Aff. ¶ 9. During the Renaissance in Italy, Girolamo Cardano told of an ape resembling a wild man who loved children and women, with whom he would cohabit if he escaped from his fetters. Rovin Aff. ¶ 10. John Donne's epic poem, "The Progresse of the Soule," dated 1601, includes a section on the soul incarnated as an ape who falls in love with Adam's fifth daughter. An attempted seduction is prevented by the girl's brother, who drives the ape away with a stone. Rovin Aff. ¶ 10.

In the seventeenth century this motif became part of the literature of adventure and exploration. Rovin Aff. ¶ 11. This is illustrated by Francesco Maria Guazzo's story, dated 1608, of a woman who was sent to an island inhabited by apes, one of whom rapes her and becomes the father of her two children. When she is later rescued by Portugese sailors, the ape, in despair, drowns himself and the offspring. Id.

Commentators on the movie "King Kong" have traced its origins to Jonathan Swift's Gulliver's Travels, which in early versions contains illustrations of Gulliver held captive by a giant ape atop rooftops, bearing striking similarity to the visual imagery of the 1933 movie. See Rovin Aff. ¶ 12, Exs. 1 and 2. A book authorized by RKO about the 1933 movie "King Kong" traces its origins to the Greek myth of Psyche, in which the goddess Aphrodite attempts to make the maiden Psyche fall in love with a monster. R. Gottesman & H. Geduld, eds., The Girl in the Hairy Paw (1976) at 19. The book also states that the originator of the "King Kong" movie, Merian C. Cooper, intended his story to be a retelling of the classic tale of "Beauty and the Beast." Id. at 30.

In sum, antecedents for the "King Kong" story can be found in various forms throughout the literature of many centuries and cultures. "King Kong" was no more than a modern, cinemagraphic ver-

sion of an ancient and universal theme." Thus, the King Kong character in the various King Kong movies, represents an idea deeply implanted in culture throughout time.

2. The Name and Graphic Image of King Kong
Lack Trademark Significance

Neither the law of copyright nor the law of trademark has ever purported to protect ideas or themes. See Warner Bros. Inc. v. American Broadcasting Companies, Inc., 654 F.2d 204, 208 (2d Cir. 1981); Detective Comics v. Bruns Publications, 111 F.2d 432, 433 (2d Cir. 1940) (Augustus Hand, C.J.); Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir. 1930) (Learned Hand, C.J.), cert. denied, 282 U.S. 902 (1931); Ideal Toy Corp. v. Kenner Products Div., 443 F. Supp. 291 (S.D.N.Y. 1977). Understandably, Congress, in enacting copyright and trademark laws, and courts in their interpretation of them, have refused to award to one party, and to deny to all others, a monopoly on any concept. To do so would stymie discourse, creativity and progress, whether in arts or commerce.

Since the movie "King Kong" was a new telling of an old theme, virtually no aspect of the character of King Kong, an ape like many before him, constituted a likely source for the distinctiveness

28. Even the rendering of the tale in the form of a movie was not novel. Prior to the release of King Kong in 1933, many films had already utilized the theme of the ape and the woman. For example, a 1927 movie entitled "The Missing Link" portrayed an expedition to Africa in which the daughter of the expedition's leader is carried off by an ape. She is ultimately rescued and the ape gunned down. Similarly, "Tarzan the Tiger" and "Tarzan the Ape Man", released in 1929 and 1932, respectively, include episodes of apes menacing women. "Murders in the Rue Morgue," a 1932 movie based on the story by Edgar Allen Poe, featured an ape which captured women at night and carried them over the rooftops of Paris. Rovin Aff. ¶¶ 18, 20, Exs. 7-17.

necessary to obtain trademark protection." Certainly, as a matter of law, the physical abilities and personality traits of King Kong could not be a trademark. See DC Comics, Inc. v. Filmation Associates, 486 F. Supp. 1273 (S.D.N.Y. 1980). At most, the name and a specific graphic representation of King Kong could have become a trademark. Frederick Warne & Co., Inc. v. Book Sales, Inc., 481 F. Supp. 1191, 1196-97 (S.D.N.Y. 1979). But see, Brylawski, "Protection of Characters - Sam Spade Revisited," 22 Bull. Soc. Copyright 77 (1974) (contending that trademark law should protect the name only and that all other aspects of character, including physical appearance, should be protected only by copyright law)."

29. Even a copyright of the "King Kong" story, which Universal does not claim in this action, could not have precluded other works from telling the story of a brutal or large ape capturing a woman, falling in love with her, and ultimately bringing destruction upon others and himself. These are the kinds of prototypes and generalized themes that have always been outside the protection of copyright law. As Judge Learned Hand stated in Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir. 1930), cert. denied, 282 U.S. 902 (1931):

If Twelfth Night were copyrighted, it is quite possible that a second comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's "ideas" in the play, as little capable of monopoly as Einstein's Doctrine of Relativity, or Darwin's theory of the Origin of Species.

30. In its complaint, Universal has sought to claim rights in the name, character and story of King Kong. See, e.g., Complaint ¶ 27. As Universal alleges in its complaint, the King Kong name "denotes a giant gorilla character" and the King Kong story, which includes "the visual image of a giant gorilla atop a tall building," tells "of the gorilla's discovery by an American movie crew on an island in the South Pacific, his subsequent capture and transport to New York and the gorilla's attachment for the female star of the film." Complaint ¶¶ 8, 11. To the extent that Universal has thus asserted trademark

Although King Kong, the movie character, is prototypical and an unlikely candidate for trademark protection, for purposes of this motion it is assumed that his name and specific graphic representation in the 1933 movie were sufficiently distinctive that some aspects of the character could have become a trademark. However, almost upon his advent, the name and physical appearance of King Kong became a common coin of American culture, rendering the only arguably protectible aspects of the character, namely, the name and physical appearance, beyond protection as a trademark.

The law according trademark protection to aspects of literary or entertainment characters treats them as akin to descriptive marks, see generally, Warner Bros. Inc. v. Gay Toys, Inc., 658 F.2d

the gorilla's attachment for the female star of the film." Complaint ¶¶ 8, 11. To the extent that Universal has thus asserted trademark rights in a story and in aspects of a character, going beyond the mere name and graphic image, the law will not support those claims. Stories cannot be trademarks, see Lanham Act § 45, 15 U.S.C. § 1127, and the only aspects of a character which have gained protection under trademark law are the name and specific graphic representation. DC Comics, Inc. v. Filmation Associates, 486 F. Supp. 1273 (S.D.N.Y. 1980); Frederick Warne & Co., Inc. v. Books Sales, Inc., 481 F. Supp. 1191 (S.D.N.Y. 1979).

During the course of this case, in an apparent effort to preserve all potential claims to all possible rights, Universal has refused to clarify the rights which it asserts. When questioned in interrogatories as to what its trademark consisted of, Universal failed to identify any specific physical appearance or image of King Kong as constituting its trademark property. See Universal Responses to Second Interrogatories 10-12 and Third Interrogatory 5. In presenting this argument in support of this motion for summary judgment, we show that the names "King Kong" and "Kong" and a wide variety of graphic images depicting scenes reminiscent of the 1933 movie, have become so widely used that they have lost any significance which they might have had in designating any single source of origin. Thus, even on Universal's most expansive claims as to its alleged trademark, summary judgment for the defendants is appropriate.

76, 78 (2d Cir. 1981); DC Comics, Inc. v. Filmtion Associates, 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980); and insists that they attain a secondary meaning, whereby they are identified with a particular creator or sponsor rather than merely being a reference to a character, before their validity as trademarks is recognized, see Frederick Warne & Co., Inc. v. Book Sales, Inc., 481 F. Supp. 1191, 1196-97 (S.D.N.Y. 1979) (characters may merit protection under trademark and unfair competition laws if it is shown that they serve to identify their creator); Ideal Toy Corp. v. Kenner Products Division, 443 F. Supp. 291, 305-06 n. 14 (S.D.N.Y. 1977) (showing of secondary meaning is a necessary antecedent to protection of characters under unfair competition laws). See also Fisher v. Star Co., 231 N.Y. 414, 132 N.E. 133, cert. denied, 257 U.S. 654 (1921).

The logic of this approach is apparent. Characters' names and images, unlike a fanciful name or an arbitrary logo, stand more for the character themselves than for their source. Moreover, a character, unlike a logo, embodies intangible qualities, which like ideas cannot be given trademark protection. See Warner Bros., Inc. v. American Broadcasting Co., Inc., 645 F.2d 204 (2d Cir. 1981); Detective Comics v. Bruns Publications, 111 F.2d 432 (2d Cir. 1940); Ideal Toy Corp. v. Kenner Products Div., 443 F. Supp. 291 (S.D.N.Y. 1977). Protection is granted to characters, limited to their names and graphic images, only where secondary meaning is demonstrated.

Under no circumstances will trademark law afford protection to a term which has generic meaning. A term is held to be generic if it refers to a category rather than to a product understood by the

public to emanate from one source. Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938) ("Shredded Wheat" held generic); Reese Pub. Co. v. Hampton Intern. Communications, 620 F.2d 7 (2d Cir. 1980) (affirming District Court's dismissal of complaint where claimed trademark, "Video Buyer's Guide," held generic); Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976) ("Safari" held generic referring to type of clothing); CES Pub. Corp. v. St. Regis Pub., Inc., 531 F.2d 11 (2d Cir. 1975) ("Consumer Electronics Monthly" held generic as containing phrase which describes industry); King-Seeley Thermos Co. v. Aladdin Industries, Inc., 321 F.2d 577 (2d Cir. 1963) ("Thermos" held generic); Eastern Air Lines, Inc. v. New York Air Lines, Inc., 82 Civ. 7049 (S.D.N.Y. March 21, 1983) ("Shuttle" held generic). This doctrine is akin to the law's refusal to grant monopoly rights in ideas or themes.

Underlying both the requirement of secondary meaning and the refusal to grant trademark rights in generic terms is the essential tenet that a trademark must signify to the public the source of the product. In testing for genericness, courts ask whether a term's primary significance to the public is the product rather than the producer. Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118-19 (1938). If the term denotes the product, it is a generic term; if it denotes a specific producer, it is not. Id.; see, e.g., Anti-Monopoly Inc. v. General Mills Fun Group, Inc., 684 F.2d 1316 (9th Cir. 1982), cert. denied, 103 S. Ct. 1234 (1983) (holding "Monopoly" a generic term understood to refer to the product, a type of game, rather than to any particular producer). Likewise, in ascertaining

whether a descriptive term, such as a literary character's name and image, has secondary meaning, courts ask whether the alleged mark denotes a source of origin. See Frederick Warne & Co., Inc. v. Book Sales, Inc., 481 F. Supp. 1191 (S.D.N.Y. 1979).

In this case, the plaintiff is attempting to extend the protection of trademark law to its purported interest in aspects of a character from a classic movie embodying an ancient theme. However, the trademark right thus asserted falls squarely within the law's refusal to grant trademark rights in terms that have no significance in denoting a source of origin. "King Kong" refers to the character, or it is simply a common English term. It, therefore, has become generic or it lacks secondary meaning. In either case, it cannot be claimed as a trademark.

(a) Usages in the Language

As Universal's attorney argued in 1976, King Kong's usage in the English language had, even by then, long since diluted its significance as denoting the maker of the 1933 movie, RKO. Since 1976, continued usage has only increased the dilution. Thus, the common usage of "King Kong" is evidenced by the fact that it appears in the 1976 supplement to the Oxford English Dictionary with the following as its first definition: "Used as a nickname for anyone of outstanding size and strength." Oxford English Dictionary, Supplement Vol. 2, p. 511 (Oxford at the Clarendon Press 1975). Similarly, Roget's Thesaurus lists "King Kong" as a synonym for words such as "monster." The Original Roget's Thesaurus, at p. 593

(St. Martin's Press 1965; Dell 1966). See also H. Wentworth & S.B. Flexner, The Dictionary of American Slang (2d Supp. ed. 1975) ("strong cheap whiskey or wine."). These testaments to the common usage of "King Kong" in the English language are strong evidence of the name's generic nature. Surgicenters of America, Inc. v. Medical Dental Surgeries, Co., 601 F.2d 1011, 1015 (9th Cir. 1979) (affirming district court's grant of summary judgment that "Surgicenter" was generic because components of term were defined in dictionary); Cummins Engine Co. v. Continental Motors Corp., 359 F.2d 892 (C.C.P.A. 1966) (in holding "Turbodiesel" generic, primary reliance placed on existence of dictionary definitions for components of term); Armco Steel Corp. v. Watson, 188 F. Supp. 554, 556 (D.D.C. 1960) ("Words listed in the dictionary are in the public domain. Everyone is entitled to use them."). See Loctite Corp. v. National Starch & Chemical Corp., 516 F. Supp. 190, 200 (S.D.N.Y. 1981) (significance to the public of term "Super Glue" was gleaned "primarily from usage of the term in the media....").

Innumerable published uses of the term "King Kong" underline its generic significance. Numerous examples of these uses are collected in the Riggio Affidavit and exhibits annexed thereto. The term has been repeatedly appropriated by sports writers to tag particular sports figures with the attribute of superior strength. Riggio Aff. ¶ 7. A prison guard and a foreign security officer were dubbed "King Kong" to denote their positions of power. Riggio Aff. ¶ 8. Various animals have been given the name. Riggio Aff. ¶ 9. Poets, painters, song writers and playwrights utilize the name "King

Kong." Riggio Aff. ¶¶ 10, 11. A jazz musical produced in London in 1961 was entitled "King Kong," which was the name of its lead character, a boxer. A song from the show, published by Burlington Music Company, Ltd., was likewise called "King Kong." Rovin Aff. ¶ 32, Ex. 66.

Other published references to King Kong include many uses of the term as a metaphor or a simile for size, strength or brutality. Riggio Aff. ¶¶ 23-53. For example, expressions such as a "King Kong mystique" or a "King Kong manner" are utilized to connote beastiality and brutality. A headline referring to a "King Kong caress" conveys something more than a tender hug. An article entitled "The King Kong of Federal Waste" refers to wasteful spending of monstrous proportions. A car described as having "King Kong performance" is understood to be powerful. When an advertiser in Bachelor Magazine offers a product which will produce a male organ of "King Kong" dimensions, the reference to extraordinary size is apparent.

In addition to the uses of "King Kong" intended to evoke various intangible qualities associated with the character, it is often used to denote the character as a universally known gorilla monster. Examples include a Superman comic episode "When Superman Became King Kong," Rovin Aff. Ex. 44; a comic book picturing Mrs. King Kong, Rovin Aff. Ex. 41; and an advertisement for a gorilla mask, inviting consumers to be the "King Kong of your neighborhood," Rovin Aff. Ex. 81.

(b) Usage of the Graphic Image

Widespread usage of the graphic images of King Kongs over many years in various media have denuded it of all significance as a trademark. Over the past fifty years in cinema, gorilla monsters holding distressed ladies and/or ascending heights have appeared many times. See Rovin Aff. ¶¶ 23-25, Exs. 18-34. Animated cartoons, entitled "Ding Dong" and "Pong Gong", have depicted those same graphic images of the gorilla, holding his victim, atop a building or edifice. Rovin Aff. ¶ 26, Exs. 35-38. Numerous comic books and monster magazines have utilized the same precise graphic images. Rovin Aff. ¶¶ 27-29, Exs. 39-56. Replicas of King Kong have been used in parades, exhibitions and amusement parks. Riggio Aff. ¶ 6; Rovin Aff. ¶ 37, Ex. 101. People attire themselves as King Kong for promotional events and costume parties. Riggio Aff. ¶ 21. Entertainers have utilized the physical representation of King Kong at concerts and in nightclub acts. Riggio Aff. ¶ 22.

Finally, advertisements and commercial goods (such as decorative posters, greeting cards, postcards, pennants, t-shirts, key rings, and yo-yos) have portrayed many a monstrous gorilla, in conjunction with female captives and large buildings, generally, and with the Empire State Building, specifically. Rovin Aff. ¶¶ 34-36, Exs. 68-100. For example, American Express used a large ape atop the Empire State Building to advertise restaurants in New York which honor its credit card. Rovin Aff., Ex. 68. A subway ad for radio station WKHK displayed a large gorilla holding a biplane, again on the Empire State Building. Rovin Aff. Ex. 71. Various other

products, such as socks and toys, have used the graphic image of King Kong. Riggio Aff. ¶ 15. Thus, the pictorial image of a giant gorilla, even in the specific poses involving the lady in distress and a large building, has become so commonly used in culture and commerce that the image is generic or lacking in any secondary meaning.

(c) Third Party Usage of Name and Image

Third parties have applied for trademarks and secured registrations for the name "King Kong" or variations thereof as discussed above in Part I B(2). Lincoln Aff. ¶ 10. In addition to these third party trademark registrations and applications, there are numerous commercial uses of the name "King Kong," or close facsimiles, again without reference to the makers of the King Kong movies or Universal.³¹ A sampling of these includes "Kid Kong," a toy ape which escapes from bondage; a jigsaw puzzle entitled "King Kong Goes Ape Over Miss Piggy"; a gorilla bank advertised for the attention of "King Kong Fans"; a model gorilla labelled "King Kong"; gorilla cookies advertised "Kong Kookies"; and rubber gorillas labelled "Small King Kongs." See Rovin Aff. ¶ 36, Exs. 78, 79, 80, 83, and 97. The third party trademark registrations of the name "King Kong" and widespread commercial usage of the name (which have gone unchallenged by Universal), are antithetical to an identification with the makers of

31. In discovery Universal was asked to identify all authorized uses of King Kong. The commercial uses collected in the Rovin Affidavit are not reflected in Universal's responses or in any licensing documents produced to defendants.

the movie, since they, in fact, originate from entirely different and unauthorized sources.³²

Such extensive third party uses lead to a finding that any secondary meaning which may have existed has been dissipated and destroyed. Norwich Pharmacal Co. v. Sterling Drug, Inc., 271 F.2d 569, 572-73 n.9 (2d Cir. 1959), cert. denied, 362 U.S. 919 (1960) (plaintiff faces heavy burden in establishing secondary meaning where 33 other pink stomach remedies marketed); McGraw-Hill Publishing Co., Inc. v. American Aviation Associates, Inc., 117 F.2d 293, 296 (D.C. Cir. 1940) (dubious whether there could be finding of secondary meaning where other magazines used claimed word "aviation" in titles); Alan Wood Steel Co. v. Watson, 150 F. Supp. 861, 863 (D.D.C. 1957) ("obviously if a person allows his identifying mark to be used by others on their handiwork, he prevents it from acquiring a specific secondary meaning"). See also Saratoga Vichy Spring Co., Inc. v. Lehman, 625 F.2d 1037 (2d Cir. 1980) (history of acquiescence in arguably infringing uses supported summary judgment against plaintiff on grounds of laches).

Nintendo agrees with Universal's own attorney who convinced the federal district court in 1976 that any claimed mark in King Kong

32. The name King Kong alone or the graphic image of an ape could, of course, be a valid trademark if promoted and protected for a product, such as shoes, as to which it may be considered arbitrary and fanciful. See Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976). However, the name "King Kong" or the graphic image of an ape from the movie "King Kong" lacks trademark significance for a product which utilizes an ape-like character. As to all such products it is generic and has been diluted beyond the capability of denoting a single source of origin.

was diluted by pervasive unauthorized uses and absorption of the name into the English language. The name "King Kong" has come into the English language as a synonym for a monstrous gorilla and as a metaphor for exceptional size and strength. References made to "King Kong," by use of the name and graphic image, often constitute literary allusions to a well-known gorilla character. Unauthorized commercial uses of the name and graphic image are also common. These uses demonstrate that the name and graphic image of "King Kong" do not denote a single source of origin and that they, therefore, lack trademark significance. Whether cast as a finding that the name and image have become generic or that they cannot be shown to have secondary meaning, the clear conclusion is that, as a matter of law, plaintiff's claim of a trademark in King Kong must be summarily dismissed.

B

THERE IS NO LIKELIHOOD OF CONFUSION AS
TO THE SOURCE OF DONKEY KONG

Even assuming Universal has protectible trademark rights in the name and a specific depiction of King Kong, its claims for trademark and trade name infringement and for unfair competition must fail as a matter of law. To support such claims, Universal must be able to demonstrate that "there exists a likelihood that an appreciable number of ordinary prudent purchasers will be misled or simply confused as to the source of goods in question." Lever Brothers Co. v. American Bakeries Co., 693 F.2d 251 (2d Cir. 1982); Mushroom Makers

Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978), cert. denied, 439 U.S. 1116 (1979); Plus Products v. Plus Discount Foods, Inc., 80 Civ. 6224 (S.D.N.Y. February 1983). There is no basis for prospective purchasers or players of Donkey Kong products to believe that such products are sponsored or approved by Universal or even the creators of the King Kong movies.

All Donkey Kong products are clearly labeled to indicate their source of origin with Nintendo. The exteriors of the cabinetry of all Donkey Kong video arcade games display Nintendo's copyright "(c) 1981 Nintendo of America, Inc." and display prominently the name "Donkey Kong (TM)" with "Nintendo (TM)". Palmer Aff. Exs. 2-2C. Prior to insertion of a coin in the game, the video screen continuously and automatically displays an "attract mode" (designed to attract players to the game), which show the name "Donkey Kong" and the copyright notice "(c) 1981 Nintendo of America, Inc." Palmer Aff. Exs. 3 and 3A. Nintendo scrutinizes all licensed Donkey Kong products to ensure that these products also clearly display the Nintendo company name. Given the prominence of the Nintendo trademark or copyright notice on all Donkey Kong products, there is little likelihood that purchasers would believe that these products originate with or are sponsored by anyone else, including Universal.

Not only are all Donkey Kong products prominently and truthfully labeled to show their source, but the Donkey Kong mark is not substantially similar to the alleged King Kong mark. Although Universal has not delineated the trademark which it claims to own and compared it with Nintendo's clearly marked products, it asserts that

there are "obvious" similarities between Donkey Kong and King Kong and generally refers to the name, character and visual image of the Donkey Kong video arcade game as compared with various King Kong movies and promotional items. See Universal Responses to Second Interrogatories 9, 10, 11, 12 and 13.

Universal contends that "apart from their names, the elements which make defendants' 'Donkey Kong' gorilla similar to Universal's King Kong gorilla are obvious from the pictorial representations of the two gorilla characters" which can be seen by "reviewing (a) the 'Donkey Kong' video arcade game and (b) comparing that game with (i) pictures taken from RKO's motion picture 'King Kong' released in 1933 or Dino DeLaurentiis' remake of that picture released in 1976 and (ii) advertising and promotional materials for these motion pictures." Universal Response to Second Interrogatory 10. Universal contends that the "'Donkey Kong' gorilla standing at the top of a large building with a female heroine at his side" as depicted on the screen of the video arcade game is similar to the visual image of "'King Kong' on top of a large building, as depicted, [in the 1933 and 1976 movies]". Universal Responses to Second Interrogatories 11 and 12.

On its face, a motion for summary judgment on the issue of confusion might appear to raise factual issues which should await trial for resolution. Universal has agreed, however, to have the issue of confusion determined by the comparison it suggests. If that comparison shows that there is no likelihood of confusion as to the source of Donkey Kong, then summary judgment is appropriate. For

example, in Durham Industries, Inc. v. Tomy Corp., 630 F.2d 905, 918 (2d Cir. 1980), the Second Circuit was "compel[led]" to affirm the district court's grant of summary judgment because a comparison of the allegedly infringing toys and packaging with the plaintiff's toys and packaging demonstrated that there was no likelihood of confusion between the products. Similarly, in B & L Sales Associates v. H. Daroff & Sons, Inc., 421 F.2d 352, 354 (2d Cir. 1970), cert. denied, 398 U.S. 952 (1970), the Second Circuit affirmed the district court's grant of summary judgment because various disputed facts in the pleadings and affidavits were "overcome [by] the obvious inference from the exhibits themselves that no consumer ... could possibly mistake the source of the advertised goods by believing they were manufactured by plaintiff." And in Warner Bros., Inc. v. American Broadcasting Companies, Inc., 530 F. Supp. 1187, 1198 (S.D.N.Y. 1982), the court granted summary judgment to the defendants because it found, after a comparison of the Superman movies and promotional materials with the Greatest American Hero television series and promotional materials, that no reasonable jury could find a likelihood of confusion since the works themselves and the total concept and feel of the works were entirely different. Accord Cinnabar Traders Ltd. v. Cinnabar Lane Ltd., 82 Civ. 0019 (S.D.N.Y. January 19, 1983); Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 498 F. Supp. 805 (D. Mass. 1980), aff'd, 651 F.2d 482 (1st Cir. 1981); Simon Says Enterprises Inc. v. Milton Bradley Co., 522 F. Supp. 986 (S.D.N.Y. 1981); Programmed Tax System, Inc. v. Raytheon Co., 439

F. Supp. 1128 (S.D.N.Y. 1977); Vitarroz Corp. v. River Brand Rice Mills, Inc., 266 F. Supp. 981 (S.D.N.Y. 1967).

A comparison of photographs of Nintendo's Donkey Kong game cabinetry, Nintendo brochures for the Donkey Kong game, photographs of the Donkey Kong game screen levels, a videotape of the Donkey Kong game play, the Nintendo Donkey Kong arcade game, photographs of Nintendo licensed products, with stills from and promotional materials for the 1933 and 1976 movies, and tapes of the movies themselves demonstrates that summary judgment is appropriate in this case since there are no substantial similarities between the two marks sufficient to cause a likelihood of confusion as to the source at Donkey Kong.

Comparing the depictions of the Donkey Kong character, as portrayed in the video game and in licensed products, with the King Kong character, as portrayed in the two movies and promotional materials, the only similarity which is "obvious" is that both are ape or gorilla figures. Compare Palmer Aff. Exs. 5, 9, and 20 with Exs. 47 and 53. Universal can claim no rights simply in the idea of a gorilla character. See Warner Bros., Inc. v. American Broadcasting Companies, Inc., 530 F. Supp. 1187, 1196-1198 (S.D.N.Y. 1982). Donkey Kong is a cartoon-like gorilla whose body movements are artificial, and whose face has a fixed "goofy" expression. See Palmer Aff. Exs. 3A, and 5-11. In contrast, King Kong, as portrayed in its various forms in the 1933 and 1976 movies, is a ferocious, realistic gorilla, whose body movements and various facial expressions appear fierce and animal-like and whose emotions and desires appear human-

like. See Palmer Aff. Exs. 46 and 49. Donkey Kong is only slightly taller than the other game characters (see Palmer Aff. Exs. 8, 9, 10, and 11); King Kong stands a towering fifty feet, many times the size of a normal gorilla and the other characters in the movies (see Palmer Aff. Exs. 46, 47, 49, 50 and 53). In short, Donkey Kong is the antithesis of King Kong.

A comparison of Donkey Kong atop unfinished construction girders, with King Kong atop the Empire State Building or the World Trade Center, shows that the only resemblance between the two is the concept of a gorilla character on top of a structure. Compare Palmer Aff. Exs. 8, 10 and 11 with Exs. 48, 53 and 54. Again, Universal cannot claim exclusive rights to such a concept or idea. See Warner Bros., Inc. v. American Broadcasting Companies, Inc., 530 F. Supp. 1187, 1196-1198 (S.D.N.Y. 1982). The pink-colored girders which comprise the multi-tiered unfinished structures in the construction site presented in the Donkey Kong game (Palmer Aff. Ex. 8) hardly compare with the Empire State Building or World Trade Center in the King Kong movies (Palmer Aff. Exs. 48 and 53); the neatly dressed captive girl with her hair in pigtails in the Donkey Kong game (Palmer Aff. Ex. 6) is unlike the provocative and sensual female heroines in the King Kong movies (Palmer Aff. Exs. 40 and 42); and the short, stocky, moustachioed carpenter in the Donkey Kong game (Palmer Aff. Ex. 4) is a far cry from the tall, handsome hero of the King Kong movies (Palmer Aff. Exs. 41, 42 and 43). The pies, cement tubs, birthday cakes, springs, umbrellas, purses, oil cans, barrels, elevators, hats and rivets which are integral parts of the comical and amusing video

game Donkey Kong (Palmer Aff. Exs. 8-12) bear no resemblance to the biplanes, helicopters and other instruments of death which are important elements of the dramatic and violent depiction of King Kong on top the Empire State Building or World Trade Center (Palmer Aff. Exs. 48, 53 and 54).

The names "King Kong" and "Donkey Kong" are also not sufficiently similar in appearance, sound or meaning to be confused." The mark Donkey Kong appears in stylized form with stars in the "O" in Donkey and Kong, differing from the block lettering used for King Kong in the movie and promotional materials. Palmer Aff. Exs. 2-2C and 39. See Clarks of England, Inc. v. Glen Shoe Co., 485 F. Supp. 375 (S.D.N.Y. 1980) (where the court found that the styles of lettering used in the marks Trek and Star Trek were easily distinguishable). See also Information Clearing House, Inc. v. Find Magazine, 492 F. Supp. 147 (S.D.N.Y. 1980). Donkey Kong and King Kong do not contain the same number of syllables or have the same stress patterns, resulting in phonetic differences not likely to cause confusion. See Buitoni Foods Corp. v. Gio. Buton & C. S.p.A., 680 F.2d 290 (2d Cir. 1982) (finding that the degree of similarity between Buitoni and Buton insubstantial based on phonetic

33. Although Universal appears to be claiming rights in the single word "Kong" (Universal Response to Second Interrogatory 13), it admits that it "does not actually use the name 'Kong' by itself as a tradename, trademark or service mark." Further, marks must be compared in their entirety and not dissected into component parts for purposes of determining likelihood of confusion. See San Fernando Elec. Mfg. Co. v. JFD Elecs. Components Corp., 565 F.2d 683, 685 (C.C.P.A. 1977); Information Clearing House Inc. v. Find Magazine, 492 F. Supp. 147 (S.D.N.Y. 1980).

differences). More importantly, the meaning and image evoked by the words King Kong is that of the powerful ferocious gorilla as recognized in the Oxford English Dictionary and Roget's Thesaurus, while the image conveyed by the words Donkey Kong is that of the farcical and somewhat stupid gorilla found in Nintendo's comical video game.

Although both the Donkey Kong video arcade game and the King Kong movies broadly involve a man trying to rescue a female being held captive by a gorilla on top of some structure, such a theme, since it is an idea, is not a protectible right. See Warner Bros., Inc. v. American Broadcasting Companies, Inc., 530 F. Supp. 1187, 1196-1198 (S.D.N.Y. 1982). The differences in the "total concept and feel" of the two properties are so substantial that a prospective purchaser of Donkey Kong could not get the impression that it originates with Universal. Compare Palmer Aff. Exs. 1-11 with Exs. 39-54. See McGregor-Doniger, Inc. v. Drizzle Inc., 599 F.2d 1126, 1133 (2d Cir. 1979); Information Clearing House, Inc. v. Find Magazine, 492 F. Supp. 147, 157-58 (S.D.N.Y. 1980); Ideal Toy Corp. v. Kenner Products Division, 443 F. Supp. 291, 308 (S.D.N.Y. 1977).³⁴

34. Even if the mere presence of an ape and a woman would cause a consumer to associate the Donkey Kong game with the King Kong theme, such association does not give rise to a trademark infringement action. Mere association or generalized linkage between products or marks is insufficient to establish either actual confusion or likelihood of confusion. American Footwear Corp. v. General Footwear Co. Ltd., 609 F.2d 655, 663 (2d Cir. 1979), cert. denied, 445 U.S. 951 (1980); Warner Brothers, Inc. v. American Broadcasting Companies, Inc., 530 F. Supp. 1187, 1197 (S.D.N.Y. 1982). Here the dissimilarities in the expression of the themes militate against spontaneous association and certainly preclude any possibility that any associa-

Donkey Kong is comedic and entertaining. One tries to maneuver Mario the carpenter up a pink girdered structure by having him strut up ramps, leap over obstacles, climb ladders, jump on moving elevators and ride conveyor belts, while avoiding cement tubs, fox fires, barrels and beams and attempting to win such prizes as telephones, umbrellas, lunch pails and birthday cakes. The farcical, childlike, and decidedly nonsexual Donkey Kong adds to the humorous impression of the game by taunting and teasing Mario while strutting back and forth and jumping up and down at the top of the unfinished structure. Palmer Aff. Exs. 7-11. King Kong, on the other hand, is an epic love story in which the beast in his anthropomorphic quest for the beauty goes on horrific rampages in which he graphically chews people, crushes them underfoot or throws them to the ground, and in which he engages in fights to the death with dinosaurs, giant snakes, biplanes and helicopters, all culminating in the tragic and bloody end of King Kong. Palmer Aff. Exs. 46-54.

The dissimilarities between Donkey Kong and King Kong are so overwhelming that, as a matter of law, there is no likelihood of confusion as to the source of Donkey Kong. See Warner Bros., Inc. v. American Broadcasting Co., Inc., 530 F. Supp. 1187 (S.D.N.Y. 1982); Ideal Toy Corp. v. Kenner Products Division, 443 F. Supp. 291 (S.D.N.Y. 1977). This conclusion is supported by other factors outlined in Polaroid v. Polarad Electronics Corp., 287 F.2d 492 (2d Cir.), cert. denied, 368 U.S. 820 (1961) for assessing the likelihood

tion might rise to the level of confusion.

of consumer confusion. These factors include the absence of actual confusion; the weakness of the prior user's mark; the defendant's good faith in adopting the mark; the quality of the defendant's product; the sophistication of the buyer; the proximity of the products and the likelihood that the prior owner will bridge the gap.³⁵

One of the more important Polaroid factors, other than the degree of similarity, is actual confusion. Universal cannot point to any instance of actual confusion. See Universal Response to First Interrogatory 32. Further, despite the extensive marketing and wide exposure of the Donkey Kong video game since its introduction into

35. It is undisputed that Universal has now entered the video game market although not the video arcade market. However, the product proximity and bridging the gap factors should be given minimal weight, because Universal, through Tiger Electronics, entered this market long after the Donkey Kong game had achieved great popularity and because Universal's product is not a significant competitor to Donkey Kong. Tiger Electronics, Inc. has received only approximately \$1.4 million in revenues from its King Kong hand-held and home video games (Universal Supplemental Responses to First Interrogatory 13) in contrast with approximately \$193 million in revenues and royalties Nintendo has received from its Donkey Kong arcade game and from licensing its Donkey Kong trademark. Nintendo Responses and Supplemental Responses to Interrogatories 17, 27, 29, 30, and 31. Moreover, any such dispute as to these Polaroid factors does not preclude the granting of summary judgment in any event:

"The court of appeals has further stated that the existence of some minor issues of fact with respect to one or two of these factors should not interfere with the granting of summary judgment where a weighing of all the factors convinces the court that no consumer or professional buyer of defendants' product could 'possibly mistake the source of the ... goods by believing that they were manufactured by plaintiff.' B. & L. Sales Associates v. H. Daroff & Sons, Inc., 421 F.2d 352, 354 (2d Cir. 1970)."

Programmed Tax Systems, Inc. v. Raytheon Co., 439 F. Supp. 1128, 1130 (S.D.N.Y. 1977).

the U.S. market in July 1981, Nintendo knows of no instances of actual consumer confusion with respect to the origin or sponsorship of Donkey Kong. Nintendo Response to Interrogatory 12. The absence of any evidence of consumer confusion in over a year and a half of use and millions of dollars of sales necessarily raises a presumption that confusion is not likely. See McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1136 (2d Cir. 1979); Affiliated Hospital Products, Inc. v. Merdel Game Manufacturing Co., 513 F.2d 1183, 1188 (2d Cir. 1975) ("[I]t is certainly proper for the judge to infer from the absence of actual confusion that there was also no likelihood of confusion."). Accord Blue Bell, Inc. v. Jaymar-Ruby, Inc., 497 F.2d 433 (2d Cir. 1974). See also Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 498 F. Supp. 805, 813-814 (D. Mass. 1980), aff'd, 657 F.2d 482 (1st Cir. 1981).

That defendants acted in good faith in adopting and marketing the trademark Donkey Kong also weighs heavily in Nintendo's favor in the Polaroid formula. The Donkey Kong game as originated did not even involve a gorilla character. As initially designed, the cartoon character Popeye attempted to ascend a series of ramps to rescue Olive, while Bluto heaved various objects from the top of the structure. Because the detailed Popeye characters could not be presented with clarity on the video game screen, simplified characters were adopted as Popeye was transformed into Mario the carpenter, and Bluto was transformed into a comical gorilla character. See generally Factual Background, supra.

Nintendo also developed the name of the game in good faith. Because Nintendo wanted to convey the image of a comical stupid gorilla, it selected the word "kong" because it was understood as denoting a gorilla and the word "donkey" because it connoted "stupid" or "goofy". Before using the name Donkey Kong, Nintendo conducted a trademark search in Japan, which revealed that the mark was available for registration. Similarly, before introducing the game in the United States, a trademark search was conducted and an unqualified opinion of counsel was obtained that Donkey Kong could be registered. Nintendo prominently displays its trademark and copyright notice on the video game and any licensed products. See generally Factual Background, supra.

The other Polaroid factors also weigh in favor of finding that there is no likelihood of confusion. Universal's claimed King Kong mark, as discussed in Part IIA, supra, lacks trademark significance, and even if it were a trademark, it would be an exceedingly weak mark. Donkey Kong products are of high quality and carefully policed by Nintendo as Universal has effectively admitted by joining in the marketing of Donkey Kong products through its agreements with Coleco, Atari and Ruby Spears. And there is no indication that Nintendo sought to take advantage of unsophisticated consumers by misleading them into believing that the Donkey Kong game originates with Universal.

Comparing the Donkey Kong video game with the King Kong movies and promotional items, it is clear that summary judgment is appropriate. There are no substantial similarities between the

names, characters, or specific images of the two marks sufficient to cause a likelihood of confusion; and there has been no actual confusion of the two marks despite the extensive marketing and popularity of the Donkey Kong game.

III.

DEFENDANTS ARE ENTITLED TO SUMMARY
JUDGMENT ON PLAINTIFF'S CLAIMS UNDER
SECTION 368-D OF THE NEW YORK GENERAL
BUSINESS LAW

Plaintiff claims in Count III of its complaint that defendants' manufacture, advertisement, sale, offering for sale and distribution of the game Donkey Kong are likely to damage Universal's business reputation and will dilute the distinctive quality of the King Kong name, character, and visual image in violation of New York General Business Law Section 368-d. Even assuming that Universal has a valid claim to a trademark in King Kong, no action lies in this case under Section 368-d.

Section 368-d of the New York General Business Law states:

Likelihood of injury to business reputation or of dilution of distinctive quality of a mark or trade name shall be grounds for injunctive relief in cases of infringement of a mark ... or in cases of unfair competition notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods and services.

N.Y. Gen. Bus. Law § 368-d (McKinney's 1968).

The Second Circuit in Sally Gee Inc. v. Myra Hogan, Inc., 699 F.2d 621 (2d Cir. 1983) recently articulated the standards for determining whether a cause of action lies for dilution under

Section 368-d. As a threshold matter, the court first required that a trademark be sufficiently distinct, and indicated, citing Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 42 N.Y.2d 538, 399 N.Y.S.2d 628, 369 N.E.2d 1162 (1977), that only extremely strong marks are protected by the antidilution statute. Sally Gee, 699 F.2d at 624-25; See Eastern Air Lines, Inc. v. New York Air Lines, Inc., 82 Civ. 7049 (S.D.N.Y. March 21, 1983); Plus Products v. Plus Discount Foods Inc., 82 Civ. 6224, Slip. Op. at 22 (S.D.N.Y. February 18, 1983). Since King Kong is not a trademark, and even if a trademark, it is an exceedingly weak mark, it is not afforded protection by the statute.

Even apart from the weakness of the King Kong mark, however, Universal is not entitled to protection under the statute because the other elements of a dilution claim are lacking. The second element which the court in Sally Gee found necessary to a cause of action under the antidilution statute is likelihood of dilution. The Sally Gee court defined dilution as:

an act which 'threatens two separable but related components of advertising value. Junior users may blur a mark's products identification or they may tarnish the affirmative associations a mark has come to convey.' 3 R. Callman, The Law of Unfair Competition, Trademark and Monopolies, § 84.2 at 954-55.

Sally Gee, 699 F.2d at 625.

Pursuant to this definition of dilution, Universal has no claim under the statute. First, there is no suggestion that Nintendo's Donkey Kong products tarnish the King Kong mark. Defendant's products are of high quality and have had great

commercial success. See Lever Bros. Co. v. American Bakeries Co., Inc., 537 F. Supp. 248 (E.D.N.Y. 1982), aff'd, 693 F.2d 251 (2d Cir. 1982). Further, Universal itself has participated in that success through its agreements with Coleco, Atari and Ruby Spears. Second, there is little likelihood that Universal's mark King Kong will be "blurred" by the Donkey Kong mark because, as discussed above, there is no substantial similarity between the two marks and the King Kong mark is weak at best. Indeed, Universal has effectively admitted that its alleged King Kong mark is not blurred by Donkey Kong by permitting and joining in the dissemination of Donkey Kong. Moreover, as noted by the Second Circuit in Sally Gee, since the antidilution statute is of equitable origin, the lack of predatory intent by the defendant weighs against finding a violation of the statute. See Sally Gee, 699 F.2d at 626; Plus Products v. Plus Discount Foods, Inc., 80 Civ. 6224 Slip. Op. at 22 (S.D.N.Y. February 18, 1983).

CONCLUSION

Nintendo's motion for summary judgment is based upon several grounds, any of which is sufficient to grant judgment against Universal as a matter of law. Universal is estopped by the 1976-81 litigation in California from claiming in this Court that King Kong is a trademark. Further, Universal was quite correct, as determined by the federal district court in California, that King Kong could not be a trademark because of its dilution beyond the maker of the 1933 movie and its usage in the language. In addition, Universal most certainly did not acquire a trademark as a result of the litigation or by virtue of the documents it advances as the source of its alleged rights. Even apart from the premise of all the documents advanced by Universal to the effect that King Kong cannot be a trademark, the splitting of rights resulting from the litigation and the unauthorized uses made of King Kong over the years independently preclude Universal from asserting trademark rights in King Kong. In addition, Universal's exploitation of its alleged mark as a means to participate in the success of Donkey Kong with Nintendo's licensees constitutes either an abandonment of its mark or its claim of infringement. Finally, even if King Kong were a valid trademark which could be claimed by Universal, Nintendo's Donkey Kong, as a matter of law, could not be confused with that mark.

Based upon the undisputed facts set forth in the accompanying statement pursuant to Local Rule 3(g) and upon the law set forth in this memorandum, defendants respectfully request that this Court issue an order pursuant to Rule 56 of the Federal Rules of Civil Procedure dismissing the complaint herein in its entirety and that the Court grant such other and further relief as may be just and proper.

Dated: May 10, 1983

OF COUNSEL:

John J. Kirby, Jr.
Thomas G. Gallatin
Audrey Strauss
Shelley B. O'Neill
Catherine E. Palmer
Mitchell B. Nisonoff

MUDGE ROSE GUTHRIE
ALEXANDER & FERDON
20 Broad Street
New York, New York 10005
(212) 701-1000

OF COUNSEL:

James L. Magee

SAX AND MACIVER
1700 Peoples National Bank
Bldg.
1415 Fifth Avenue
Seattle, Washington 98171
(206) 624-1940

Attorneys for Defendants
Nintendo Co. Ltd. and
Nintendo of America, Inc.